



Home Buyers Institute (page 33)

**"Remember: you're going
to see this through!"**



Whatever He Promises, HE Has to Deliver

The key man in field warehousing is the operating man.

Under Douglas-Guardian procedure, it is this operating man who talks with the banker and the prospective borrower. He knows what he can and cannot do under bona fide, valid field warehousing. He is

the one who must deliver whatever he promises. He runs the job and lives with it. There's no turning the matter over to a different department.

Being the operating man, with *authority to act*, this Douglas-Guardian representative who calls on you knows how to conduct a field warehousing operation so that it is most profitable to the bank. Bookkeeping details and paper work are kept at a minimum.

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SAN FRANCISCO • PORTLAND, ORE. • ROCHESTER, N.Y. • SPRINGFIELD, MASS. • PHILADELPHIA • TAMPA, FLA. • SPRINGFIELD, MO.



Just a Minute



Opening Day

Home Planners

For the cover picture this month we turned to the opening of the Home Buyers Institute established by The Dime Savings Bank of Brooklyn. The picture shows Opening Day visitors inspecting the model kitchen.

This new bank program is one of the many that are appearing throughout the country as aides to folks who want that Dream House after the war. Interest in this movement—and it's beginning to look like a very vigorous one—has expanded swiftly in the past few months. BANKING, of course, likes to think that it lends a helping hand by reporting the activities of banks and other sponsors in making available to the thrifty these facilities for meeting the down payment.

Incidentally, a savings plan is quite important as a consumer credit service, too, for many of the savers are in the market for postwar refrigerators, cars, radios, heating plants, home modernization, etc.

"Building for the Future"

THE cover, appropriately if indirectly, calls attention to our "Building for the Future" department which goes to work this month on page 33.

Here is news, not only of the Dime's home building plan, but of two others—one started by the Mechanics Savings Bank of Rochester, New York, the second by a group of businesses in Mil-

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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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This Picture Won the 1943 \$500 PULITZER PRIZE as an Outstanding Example of News Photography



The photograph above, entitled "WATER", was taken by Associated Press Photographer Frank Noel, from a similar life-boat in which he was drifting after his ship was torpedoed in the Indian Ocean. These Lascar seamen were from the same ship and had been without water for several days.

*...and the Check was on
LaMonte Safety Paper*

Checks are more than mere slips of paper. They are actually money — and the kind of money that, when spent, leaves a permanent record of every transaction. That's why checks are human interest documents — with many a dramatic story behind them. » » Checks can record promotion and demotion — success and failure. They can symbolize unexpected good fortune or bad. They can represent a payment or purchase which is the ultimate goal of years of patient striving and saving. They can provide the wherewithal for retirement as a reward for the faithful payment of insurance premiums. They can mark the change of ownership of a great business institution.

Or, as in the case above, indicate public recognition of an outstanding achievement. » » True, since checks are essentially private — the average person usually sees only those which touch his life — the checks which he himself draws or receives. » » Bankers, however, find a constant stream of checks of all kinds and descriptions passing under their observation. And they find that many important and interesting checks are on LaMonte Safety Paper. Which is rather to be expected, since leading business organizations from coast to coast — including more than 75% of the nation's largest banks — use this product for maximum protection against alteration and counterfeiting.

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LA MONTE *Safety* PAPER
GEORGE LA MONTE & SON
NUTLEY, NEW JERSEY



JUST A MINUTE—Continued

waukee, including the Marshall & Ilsley Bank.

All are newcomers in this wide-open field; all have interesting variations; all should give you some ideas and suggestions in case your bank's thoughts are turning in this potential direction.

Ringside

ACTUALLY, it's been a long time since BANKING's editorial department saw a fight (well, boxing match, if you prefer), but we slipped into the vernacular of Fistiana in tailoring the title of Dr. PAUL F. CADMAN's article this month.

Non-sporting "In This Corner—Kid DeFlation" makes the point that contrary to the popular belief, *maybe* we'll get some deflation when the war is over. The A.B.A. economist seconds his two contestants with an imposing benchful of arguments, so seat yourself at the ringside on page 23, watch the contest—and make the decision yourself!

"Good Ole Americanism"

OUR "Heard Along Main Street" department this month opens with a letter written by a former messenger of The National City Bank of New York, 18-year-old Aerographer's Mate 2/c BERT BAER, USNR.

Commenting on the intangible things

"Doesn't solve much of a problem, though, because we have to hire a guard to guard the guard!"



—like unselfishness, love of the homeland—the boys are learning in the service, he observes that the spirit of friendliness among them is creating a new type of democracy.

"When you lie in a foxhole," he writes, "with a guy from Kansas City, one from the hills of the Dakotas, and one from some other part of the nation, if you're in that foxhole dodging bombs and ducking bullets, you are going to remember that time, and the guys that were with you.

"The fellow from Alabama who pushed you flat on your face while a hail of machine gun bullets spattered six inches over your shoulders wasn't such a bad guy after all—he saved your life. And those thoughts are going back with the boys when they get home. I know. I'm taking them back with me and so are all the other fellows that I know.

"It's going to lead to a different trend in thought, and people back home better be prepared for it. Not Communism, Socialism or any other thought-out, book-written dogma—just good ole Americanism written in the hearts of all of us that have fought together. I hope you folks got some idea of what I've been thinking these past few minutes. My hand didn't write this, but my heart . . ."

The letter was first published in the bank magazine, *Number Eight*.

(CONTINUED ON PAGE 5)

R. G. RANKIN

& CO.

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PUBLIC

ACCOUNTANTS

Examinations

of

Banks and Trust Companies
for
Directors' Committees

NEW YORK

CHICAGO

WASHINGTON

Experience Service Cooperation

Manned by officials with years of experience, our Correspondent Bank Division renders a complete service, conducted in an intimate and personalized manner.

The guiding policy is one of cooperation in all matters of mutual interest.

The
Public National
BANK AND TRUST
COMPANY OF NEW YORK
ESTABLISHED 1908

Member: New York Clearing House
Association, Federal Deposit Insurance
Corporation

Diamond Jubilee Anniversary

April 14, 1944

The FAITH of SIXTY YEARS

What makes a business endure and grow? We believe the answer is FAITH built upon public acceptance.

American Surety Company opened its doors for business on April 14, 1884, as "the first company formed in the United States devoted solely to the writing of Fidelity and Surety bonds." Corporate suretyship was largely unknown in this country and various brave companies that tried it were unable, for financial or other reasons, to continue. That American Surety survived was due not only to the foresight and energy of its founders, but to the confidence of bankers and other business men in the soundness of its carefully developed specialty.

The record of the Company over the past 60 years testifies to the acceptance which has increasingly been accorded it by a considerable segment of industry, finance, trade and the professions.



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And because insurance by its very nature is ubiquitous, extending and protecting everywhere, that acceptance would not have been possible without the insurance agent and the broker. Through them and the local contacts they provide, insurance protection is made available to all of our citizens, distance notwithstanding.

Today the Bonding and Casualty insurance services of the American Surety fleet blanket the continent through 12,000 agents cooperating with branch offices in principal cities.

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• COMPANIA MEXICANA DE GARANTIAS, S.A.

Head Office: Mexico City

• CANADIAN SURETY COMPANY

Head Office: Toronto



"Henry thinks more of his stomach than his buttonhole this year"

The Banker Speaks—in Verse

At a meeting of the officers-employees club of the Central National Bank of Cleveland, C. C. BURCHARD, the personnel director, read an original poem about the banker's wartime job. Mr. BURCHARD's colleagues liked the verses and passed them along to us. We, in turn, start them your way.

We're Helping to Win

I watched them there—two boys at play
And I, unnoticed, heard one say,

"My dad is helping win the war;
He's built a thousand tanks, or more.
Why, his plant won the Navy 'E';
Gee, they're some stuff, believe you me.
He's their best man, and am I glad
That I can say he is my dad."

The youngster paused and then resumed,
But with a colder tone assumed:

"I hear your dad works in a bank.
Why can't he learn to build a tank;
Or anyway do something more
To help our country win the war?"

The second lad just sort of smiled,
And then he spoke—no more a child.

"Yes, in a bank's where my dad works,
But if by that you think he shirks,
And isn't helping all he could,
It's just that you've misunderstood.
When those men your dad's working for
Decided they'd help to win the war,
And thought that they could build a tank,
They went right down to my dad's bank,
And said they'd like to make a deal
To buy a building, tools and steel;
And also pay the men they had—
All those workers like your dad.
They needed money—couldn't start,
But their plans didn't fall apart,
They got the money from the bank;
They started in and built a tank,
And then they built a thousand more.
Now your dad's helping win the war,
But when you think of him with pride,
Think also of the other side.
But for a bank, I dare to say,
He'd not be building tanks today."

SPECIAL CHECKING ACCOUNTS

Do you have a special no-minimum-balance check account plan in your bank? Is it clicking? Is the activity satisfactory and is it producing enough revenue? Are your dormant accounts and close-outs greater in number than you think they should be? Does the program need to be revitalized?

If so, why not give it a lift with Personalized Checks? Several banks who operate 10c per check pay-as-you-go plans are now giving all customers our package of 100 checks, which, when ordered in exact multiples of six, costs only 75c. That includes 100 checks, imprinted and numbered, one stub register and deposit record, and a nice looking and durable Lexide cover gold stamped with the customer's name.

Quite a bargain, and probably not much more costly than ordinary stock checks, particularly if they are purchased in small quantities. Our theory is that your customers will write one or two more checks per month if they have 100 Personalized Checks in their possession, and also that they will maintain their accounts longer. Up to date this is pure theory but before long we will have some facts that will either prove or disprove it.

If you propose to increase the price of your special plan, either by stepping up the item charge or by installing a base maintenance charge, then take the sting out of the price advance with Personalized Checks. If you want to stimulate activity see if Personalized Checks won't help do the job.



Manufacturing Plants at

NEW YORK CLEVELAND CHICAGO KANSAS CITY ST. PAUL

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The Royal Bank of Canada has been established in Latin America since 1899 — today maintains its own branches in the principal commercial centers in the following countries:

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BRITISH HONDURAS
PERU
VENEZUELA
HAITI
BRITISH WEST INDIES
PUERTO RICO

A complete banking service is offered, including assistance in arranging trade connections, supplying market data, etc. Consult our Business Development Department.

New York Agency, 68 William Street

THE ROYAL BANK OF CANADA

Head Office, Montreal—Assets exceed \$1,500,000,000

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In this boy's story, I could see,
Far more than just blind loyalty.
When it comes time my case to tell,
God grant I do it half as well.

Screening Tests

You may or may not have definite opinions about the merits of aptitude tests, but in either case you'll be interested in reading MERRILL ANDERSON's article on the subject. Mr. ANDERSON, a New York advertising man, reports on bank experience with this means of determining a job applicant's fitness for bank work.

Meanwhile, try this on your own I.Q.: (We quote from Mr. ANDERSON):

One number in the following series is an error. What should it be?

2 6 3 7 4 8 5 9 6 11
The opposite of "surly" is (check one):

Hesitant.	Prosperous.
	Inconsiderate.
Cheerful.	Moderate.

Service Record

On July 16, 1840, the president of the Bank of the Manhattan Company, New York, JONATHAN THOMPSON, was authorized to sign an agreement between the company and JOHN C. SPENCER, New York's Secretary of State, for a continuance of the State Transfer Department in that institution.

When FRANK C. MOORE became State Comptroller last year he found that the formal contract designating the bank as transfer agent for the registration, conversion, reconversion and transfer of state bonds and notes had not been revised since 1840. Delving through the records, Mr. MOORE learned that the old contract stemmed from an informal arrangement made in 1818, when the bank was designated as the official agency of the State Canal Commission. To revise

New York State Comptroller Moore, left, and President Goodhue, Bank of the Manhattan Company, renew a 104-year-old contract.

FINANCING WAR PRODUCTION

Located in America's armament center, this bank is especially equipped to deal with financial problems arising from war production.

Pledged, as we are, to do all in our power to further the prosecution of the war, we have set up a War Loan Division, experienced in the analysis of war contracts and familiar with the requirements of the armed services and other governmental agencies.

We offer our services not only to local companies in need of war production loans but also to our correspondents throughout the country whose transactions with Detroit war industries can be expedited by our special and direct attention to their needs.

NATIONAL BANK OF DETROIT

Complete Banking and Trust Service

DETROIT, MICHIGAN





The easiest thing in the world to waste is paper

Paper has become a critical material. Our government asks everyone to conserve it. Business always has been notoriously careless of paper—now, under wartime acceleration, paper work is heavier than ever and waste has grown proportionately.

There is a practical way for business to reduce consumption of paper, to eliminate waste, and at the same time benefit by simplifying many office operations so that time is saved, labor lightened, errors reduced, and office output speeded up.

This may be done—is being done—in many government departments, at military depots, and in many varied businesses by a revolutionary wartime development—the Multilith Systemat. The Systemat carries constant information printed in reproducing ink. Variable data necessary to complete the document is compiled and typed or handwritten in. The entire form then becomes a master sheet which, placed on a Multilith Duplicator, produces a dozen or hundreds of accurate,

permanent, black-on-white facsimiles—every one an original. The Systemat produces purchase orders, job sheets, shipping documents, tally and packing slips—almost every type of form that carries repetitive data.

Learn how Multilith Systemats can serve you by letting a Multigraph man explain how Systemats work. Millions of Multilith Systemats are being used by U. S. military forces. Of course, their requirements take precedence over civilian demands. Addressograph-Multigraph Corporation—Cleveland. Sales agencies with service and supply departments in principal cities of the world.

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SIMPLIFIED BUSINESS METHODS

Multigraph, Multilith and Systemat are Reg. T. M. of Addressograph-Multigraph Corporation

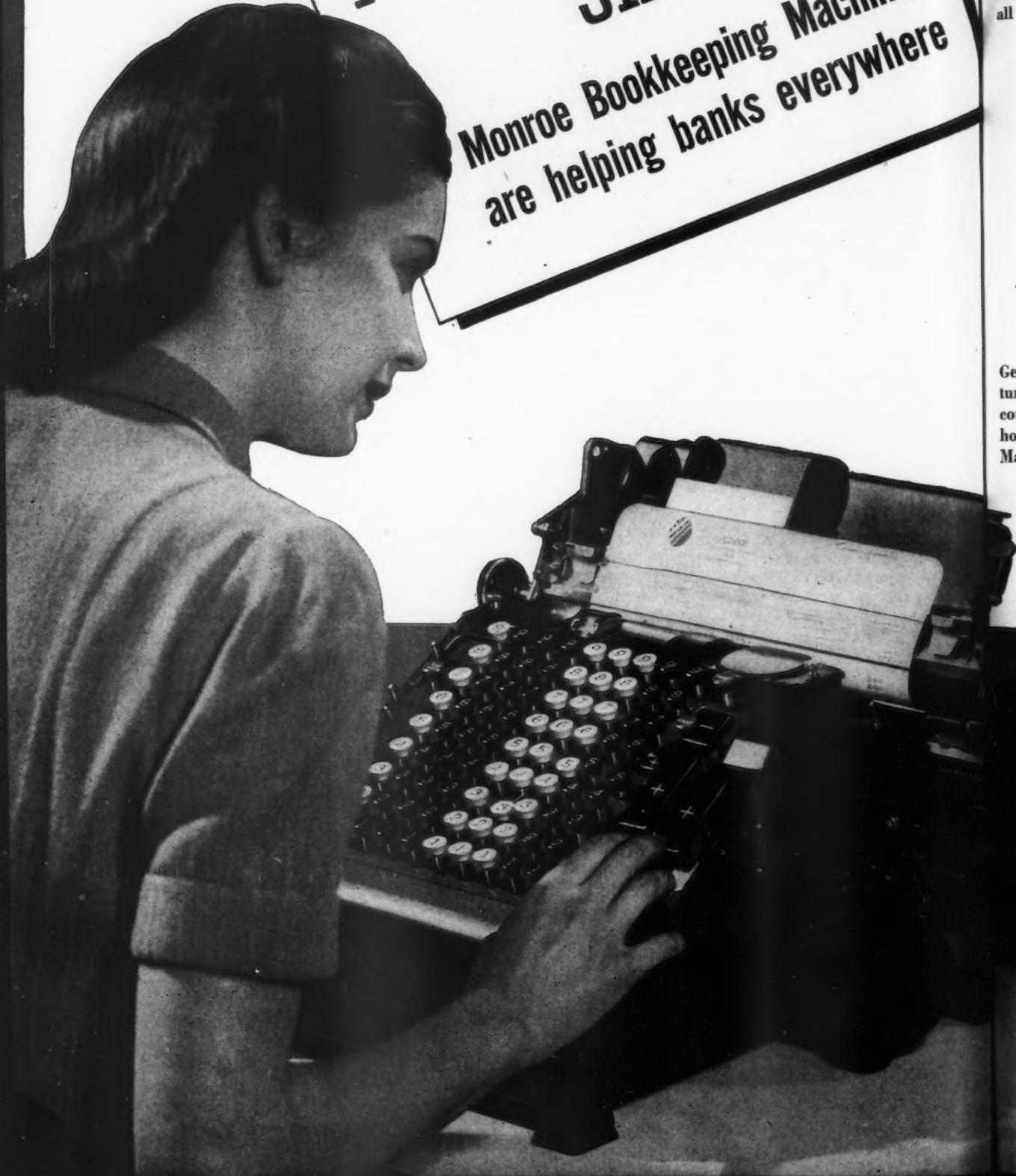


Multilith Systemats Save Paper by—

1. Reducing Stationery Inventories
2. Eliminating Obsolescence of Forms
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7. Preventing "Copying" Errors
8. Utilizing Both Sides of Paper
9. Using Inexpensive Paper Stocks
10. Dispensing with Carbon Sheets

MANPOWER SHORTAGE

Monroe Bookkeeping Machines
are helping banks everywhere



Manpower shortage presents the Number One problem in the operation of a bank these days—because a bank is an institution where today doesn't end until today's work is done . . . and proved.

The posting of Ledger and Statements, listing of Checks and Deposits, work in the Proof and Transit Department and in the Savings Department; these must be done—and proved—before the work-day ends.

You can't allow the pressure of long hours or the frayed nerves of overworked personnel to interfere with any phase of this vital and essential job.

Monroe Bookkeeping Machines and Listing Machines are easing this work—and shortening hours—in banks all over the country. Here are some of the reasons:

Because Monroe Bookkeeping Machines are so simple and so easy to learn to operate, precious hours are saved in training new employees.

For the same reasons an operator on the Monroe can work in other departments and on different jobs with maximum efficiency.

Monroe's exclusive, easy, Velvet Touch keyboard and operating bars are appreciated by every operator who knows the fatigue of thousands of key depressions daily.

Monroe Bookkeeping Machines are so flexible they are instantly adaptable to a broad variety of forms and work.

Postings are speeded up by automatic operations and live operating keys.

Monroe's flexibility of register action makes corrections possible in accordance with proper accounting and auditing procedures.

Fast insertion of forms saves time; perfect printing alignment saves paper, and gives customers neater statements.

Our Guaranteed Maintenance Service Plan keeps Monroe machines in top operating condition at minimum cost.

Get in touch with your nearest Monroe Branch. Let our representative explain why these and many other features and advantages make Monroe Bookkeeping Machines ideal for easing your manpower problem. His counsel and experience may be helpful in suggesting methods and procedures that will save vitally precious hours. He will also explain the availability of Monroe equipment under existing conditions. Monroe Calculating Machine Company, Inc., Orange, New Jersey.

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Monroe 209-11-011 Listing Machine

Monroe MA-7W Calculator ➤

Monroe Calculating Machines have been standard equipment in thousands of banks for a generation. The same excellence of construction and dependability that won this universal acceptance are built into Monroe Listing and Monroe Bookkeeping Machines.



JUST A MINUTE—Continued



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ESTABLISHED 1817

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First to establish Branch Banking in Canada
First bank in the capital of Lower Canada
First bank in the capital of Upper Canada
First permanent bank west of the Great Lakes
First institution to provide Canada with a domestic currency (both bills and coinage)
First bank to assist in financing foreign trade of Canada
First banker for the Government of Canada

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RESOURCES
OVER
\$230,000,000

MEMBER F. D. I. C.

and bring up to date the laws of state bond registration, the Comptroller drafted another act amending the Finance Law. Thus, under this new statute, for the first time in over a century, the State of New York has formally revised the contract for the official transfer agency for the bonds which it issues.

In pursuance of the new statute the comptroller and the directors of the bank met recently to consider a new contract. After the meeting this contract was executed by Mr. MOORE and F. ABBOT GOODHUE, president of the bank, under which the bank will continue as transfer agent for the state.

Honest

FROM WILLIAM F. RHINEHART, president of The First National Bank of Inwood, New York, comes this one which we hasten to put into the archives:

"We have lost five of our male employees since Pearl Harbor," says Mr. RHINEHART, "and have replaced them with girls. Since the tire and gasoline shortage we have advertised and advocated banking by mail.

"The other day one of our 'bank by mail' depositors called and asked our telephone operator to connect him with the mail teller as he wished to check on a deposit. The call was routed through to our No. 1 teller who handles the mail deposits.

"Mr. X asked if he were connected with the mail department.

"'No,' our clerk replied. 'Female.'"

To "Convention Calendar" Readers

BANKING's calendar of convention dates, which has appeared on the last page of News Paper ever since that department was established, migrates this month to page 104. The change, we expect, is temporary.

JOHN L. COOLEY



"April Fool!"

BANKING

Banks Expected to Gain in Rise of Postal Money-Order Rates

The increase in postal money order rates which is provided for in the new revenue law is generally expected to result in a considerable gain in the use of bank money orders as well as bank checks against which no minimum balances are required, inquiries in banking circles disclosed yesterday.

Now

3 Bigger Opportunities For Profitable Bank Business

The new stepped-up rates for postal money orders make Todd Register Checks, Bank Money Orders and No-Minimum-Balance Checking Accounts even more attractive to the public than ever before. Each of these methods will save money for people who use them—and increase earnings for banks that offer them.

(1) The Todd Register Check Plan can bring yesterday's money order users into *your* bank. There is no danger of loss to the bank—no individual account bookkeeping—and the margin of profit is substantial. Customers themselves do 90% of the check preparation work.

(2) Todd Bank Money Orders have the efficient Blue Streak binding feature; original and extra

copies for filing and auditing, *all from one writing*. Thousands who formerly used Postal Money Orders will change to Bank Money Orders because of their convenience and lower cost.

(3) Todd No-Minimum-Balance Checking Account services now have even greater time-and-money-saving appeal for your prospective customers. They are the result of bank-tested ideas for building a profitable volume of accounts on a pay-as-you-go basis.

The coupon will bring you full details about the Register Check Plan and Bank Money Orders, as well as a copy of our booklet on No-Minimum-Balance Accounts, with suggestions for analyzing your own situation. Mail it today!



THE TODD COMPANY, INC., ROCHESTER 3, NEW YORK

I would like more information about the Register Check Plan and Bank Money Orders, and a copy of your booklet on No-Minimum-Balance Accounts. Without cost or obligation, of course.

NAME _____ TITLE _____

BANK NAME _____

ADDRESS _____

CITY _____ STATE _____

B-4-44

Keeping the Home Fires

To the men overseas and their families at home, the ODB—Office of Dependency Benefits, War Department, Newark, New Jersey—is one of the most important units of the Army Service Forces. Each month the office disburses 5,600,000 government checks covering family allowances and Class E allotments of pay.

Approximately two-thirds of all ODB disbursements come from Army men's own pay. About 45 per cent of family allowances are deducted from the soldier's pay; 100 per cent of Class E allotments from the pay of officers and men.

Created by Congress in June 1942, the unit began with a staff of three—Brigadier General H. N. Gilbert, one



Brigadier General H. N. Gilbert, U. S. A. director, War Department Office of Dependency Benefits—Army Service Forces unit

other officer and one employee. Now the operation occupies a 20-story office building, staffed by 220 officers and 9,000 employees working in two shifts.

The clerical detail involved in maintaining files, granting interviews, proc-

essing applications and paying out close to six million checks monthly, is a prodigious task; but the unit runs its production lines with war plant precision. Every clerk realizes that, in dealing with people on such a scale, the slightest error may cause a catastrophe.

The ODB has an educational job on its hands; a job that can be greatly simplified with the continued cooperation of the nation's banks. Daily thousands of new families receive their first government checks and meet for the first time the problems of handling, of endorsers and cashing. An offer of help from the local bank, such as sponsorship of the "Know Your Endorser" campaign will help relieve the situation.

(CONTINUED ON PAGE 14)



Trunk lines in the ODB exchange carry some 45,000 calls daily, the majority long-distance. Most calls are transferred to an interviewing staff who are prepared to give spot information



One of a dozen rows of clerks handling incoming mail. The section opens, reads, acknowledges and routes an average of 60,000 pieces daily. "Heavy" days run well over 100,000 pieces



Correspondence and documents, in every civilized tongue from Albanian to Welsh, are received daily. These eight members of the mail branch sub-section translate some 40 languages



Evidence of dependency claims—marriage certificates, birth certificates and other documents—originates in the four corners of the world showing the cosmopolitan make-up of the U.S. Army

CCH STATE TAX SERVICES

For ALL States
For Your State



An individual loose leaf Service for each State in the Union provides full, continuing information about its taxes . . . including: new laws and amendments, rulings and regulations, court decisions, new forms and reports, and other pertinent developments . . . arranged by topics behind tab guides in one or more volumes as required.

Thoroughly indexed for quick, confident reference regarding corporate organization and qualification fees; franchise and income taxes; property taxes; inspection fees; chain store taxes; sales and use taxes; alcoholic beverage taxes; gasoline taxes; motor vehicle registration fees; corporate reports; special features on corporation law, "blue sky" law, and the like.

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HOME FIRES—Continued



The starting point of ODB's vast clerical production line where new benefit applications are reviewed at the rate of 12,000 daily

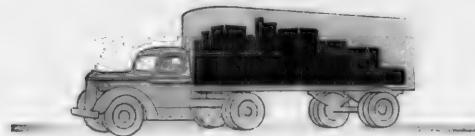
HERE are the applications for family allowances, the authorizations for allotments-of-pay; letters of inquiry and letters of thanks, of urgency, of courage, and of pride; terse communications clearly typed, and rambling letters penned by wavering hands. Here are certificates of marriage, birth, and death; agreements of separation and decrees of divorce, with letters of explanation that lay bare whole worlds of joy and aspiration, bitterness and shame. Here, in these files, worlds touch worlds. Day and night the workers route the files through production channels, sharing the personal emotions of war, which has left no one untouched.

(CONTINUED ON PAGE 16)

One of several master file sections which contain complete histories on each of the 5,600,000 benefit and allotment accounts



ONE WAY TO RELIEVE THE *Motor Transport Crisis*



The Vehicles and Men Available Can Do More Work!

RIGHT NOW highway transportation in every State in the Union is breaking down. Lack of vehicles and manpower is responsible.

The Office of Defense Transportation, which is charged with the duty of keeping highway transportation functioning, has called attention to the seriousness of the situation. So have officials of the War Production Board and the military services.

They see the urgent need for more vehicles and more men . . . but we are not going to get enough because strictly military production must come first.

What can we do? We can make the trucks and men that are available do more work!

How? By removing the restrictions which prevent the available vehicles and men from transporting the loads of which they are capable!

Every hour of every day trucks and trailers roll over the highways underloaded—because some State along the route has a weight limitation which is lower than the others.

The laws of the most restrictive State control the entire haul!

Thousands of extra tons of war material could be moved—with existing vehicles and manpower—if either or both of these two actions were taken by the States:

- Liberalize their vehicle size and weight laws in line with other States . . . or
- Establish reciprocity between States—permit a vehicle which is of legal size and weight in its “home” State to travel unmolested in all others.

That's all that is necessary to enable present vehicles and the men who operate them to do more work—and at least relieve the motor transport crisis!

What About Your State?

Do you live in a “bottleneck” State—or, is your State bottled up by adjoining States? If you want to find out how you stand, send for our booklet “Are the United States United?” or request it through the Fruehauf branch in your city. Read it—then write your Congressmen and State officials.



TYPICAL EXAMPLES OF WASTED HAULAGE CAPACITY

A TRACTOR-TRAILER
LOADED TO PRACTICAL
CAPACITY IN:

WOULD HAVE TO UNLOAD THE WEIGHT SHOWN IN:

	N.Y.	N.J.	P.A.	OHIO	IND.	ILL.
New York	—	None	5,000#	6,000#	6,000#	10,000#
New Jersey	1,000#	—	6,000#	7,000#	7,000#	11,000#
Penn.	None	None	—	1,000#	1,000#	5,000#
Ohio	None	None	None	—	None	4,000#
Indiana	None	None	None	None	—	4,000#
Illinois	—	—	—	—	—	—

All States on This Route Permit More Than Illinois

(Weights are based on a practical application of the various yard-sticks in effect in different States for computing gross weight allowances.)



World's Largest Builders of Truck-Trailers

Service in Principal Cities

FRUEHAUF TRAILER COMPANY ◆ DETROIT



Illustration shows COMMERCIAL CONTROLS Postal Scale

SAVE time for overburdened post offices and avoid confusion by giving your mailroom personnel these new Postal Rates, effective March 26.

- **FIRST CLASS LOCAL MAIL**—Old rate of 2c per ounce increased to 3c.
- **AIR MAIL**—Old rate of 6c per ounce increased to 8c. (Rate to and from overseas members of the Armed Forces is unchanged.)
- **PARCEL POST AND OTHER FOURTH CLASS MAIL**—Old rates increased 3%, or 1c, whichever is greater.
- **MONEY ORDERS, C.O.D., REGISTERED and INSURED MAIL**—Fees increased.

Attend the Annual Conference of the National Office Management Association, June 5, 6 and 7, New York, N. Y.



COMMERCIAL CONTROLS

Division of NATIONAL POSTAL METER COMPANY, INC.
Rochester 2, N. Y.—Branches and Agencies in Principal Cities

HOME FIRES—Continued

BEHIND the statistical facts of ODB lies the real story of its worth in the war effort. It is estimated that 92 per cent of the Army's personnel may count on the family allowance plan for home security—and that, in round figures, affects the morale of more than 17,000,000 citizens directly. The country owes a vote of thanks to those who "Get 'em paid."

The pictures below show another important phase of ODB activity; it is a veritable human relations bureau. Hundreds of families are interviewed daily at the Newark headquarters, thousands more through country-wide field offices.

(CONTINUED ON PAGE 18)



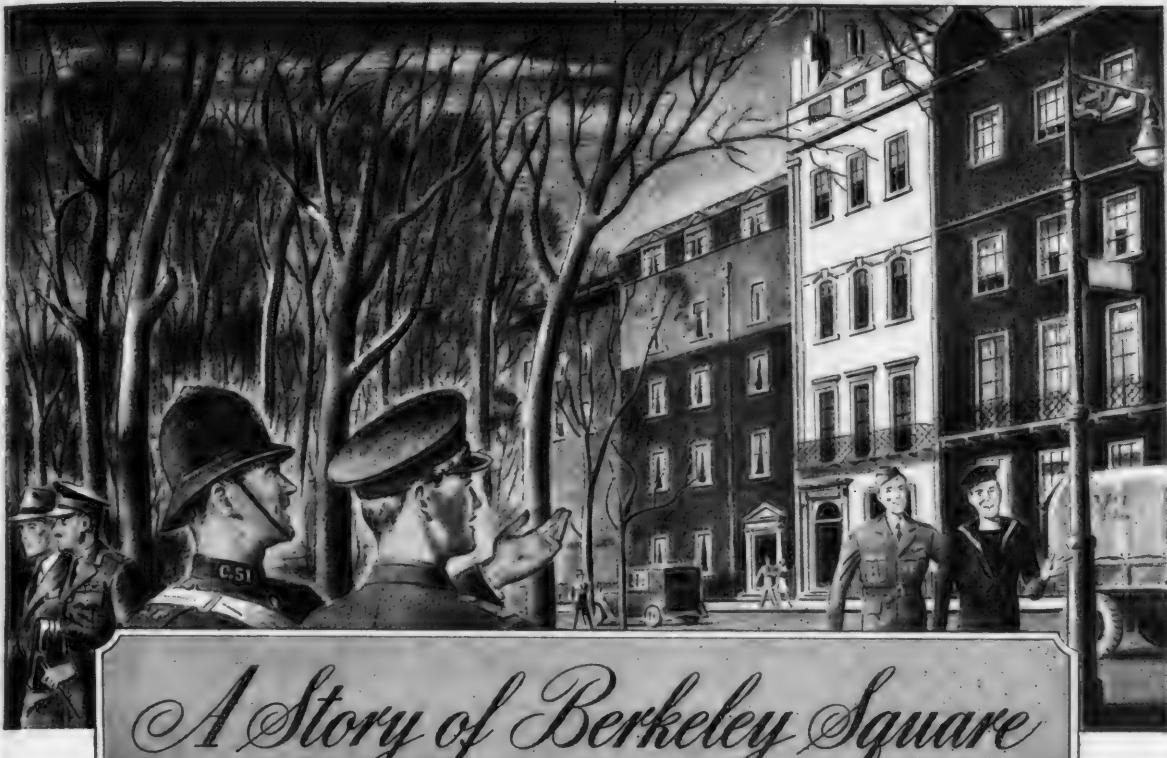
The parents, wives and children of servicemen form an endless procession in the interviewing department at Newark headquarters



The ODB field investigations staff is headed by Lt. Colonel Raymond H. Hildebrand, seen here taking an applicant's testimony



Most claims are adjudicated by trained clerks; more knotty problems by the legal bureau, under Major George C. Chandler



A Story of Berkeley Square

IN London's old Berkeley Square, whose pavements William Pitt, Lord Clive and Alexander Pope once trod, a branch of an American bank came into being seven years ago. For a few too-brief years it served its original purpose. *Then Hitler struck*—and through the Blitz this office, one of the three London branches of the Chase National Bank, continued to facilitate the aid which America was even then extending to hard-pressed Britain.

Pearl Harbor raised the curtain on a new scene in the short history of this Chase branch. A new service was immediately inaugurated there. As a result, tens of thousands of men of our armed forces, G.I.s and generals, blue-jackets and admirals, are using this Chase branch in ways seldom associated with a commercial bank. Thousands of families throughout the United States are being cheered by

flowers, candy and other gifts from their boys overseas—the bank taking care of the orders by cable or airmail, without profit to it for the service.

This Berkeley Square branch is near the very center of American military and civilian activities in the British capital. Hence it has come to be financial headquarters for much of the personnel there. Checks are cashed daily for many members of our armed forces and funds are transmitted for them to and from the United States. The staffs of American missions and departments likewise utilize these convenient facilities extensively.

Thus the oldest American banking organization in London helps the men overseas keep their ties with their families at home. *In doing so, it has the valuable assistance of correspondent banks in all parts of the country.*

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

HEAD OFFICE: Pine Street corner of Nassau

LONDON—Main Office, 6 Lombard Street; Branches, 51 Berkeley Square; Bush House, Aldwych



POWER COSTS ARE PART OF PRODUCTION COSTS

CERTAINLY you must consider future power cost in your plans for meeting post-war competition. Not only the cost but also the availability of adequate power.

Tennessee is one state that offers either hydroelectric or steam-generated power in abundance. The giant hydroelectric system of TVA will have a postwar maximum capacity of 18 billion kwh available at the lowest rate in Eastern America.

The four thousand square miles of coal-producing fields, with short hauls to every section, insure economical steam-power generation.

Low-cost power is only one of the many advantages to plant locations in Tennessee. Check the other **basic** advantages listed.

Manufacturers interested in meeting changing conditions, increasing population shifts, and postwar competition should investigate Tennessee now.

Write for specific information and surveys relating to your particular requirements. Ask for illustrated book: "Tennessee—Land of Industrial Advantages."

Governor's Industrial Council, Department of Conservation
726 State Office Bldg. Nashville, (3) Tenn.

Investigate **TENNESSEE**
THE FIRST PUBLIC POWER STATE

HOME FIRES—Continued

THESE are the final stages in ODB's production line—the signing of checks, envelope insertion and mailing operations, and finally, storage in vault bins awaiting the month-end release date. Vast as it is now, the work of ODB is expanding daily. The peak will not be reached until Uncle Sam gets his full quota of men and women in the armed services.



Basic Advantages To Plant Locations In Tennessee

- ★ An unsurpassed variety of major industrial minerals and agricultural products.
- ★ Huge coal reserves making possible economical steam-power generation.
- ★ An inexhaustible supply of industrially suitable water.
- ★ Inland waterway system of three great rivers for low-cost transportation to Midwest, Gulf, and World ports.
- ★ Central location permitting 24-hour delivery to more than 51% of the Nation's population.
- ★ Excellent railway, highway, and airline transportation.
- ★ Cooperative skilled and semi-skilled native-born labor.
- ★ Opportunity for low-cost assemblage of raw materials or manufactured parts.
- ★ Uncongested plant sites near basic materials, river and rail terminals.
- ★ Ideal living conditions for both employer and employee.
- ★ Sound State tax structure. No personal earnings or sales taxes.
- ★ State and municipal governments friendly to industry.

A battery of signature machines validate 300 government checks per minute—two and a quarter billion dollars worth annually



Checks are mechanically inserted in envelopes throughout the month; 99 per cent reach their destination on schedule



The ODB check vault at the month's end holds 47 postal truck loads of processed checks ready for the release date

*Extending
Service to Your
Customers*



... IN THE PHILADELPHIA AREA

For many years the Philadelphia National has served hundreds of the country's leading institutions as correspondent. This is not only because ours is Pennsylvania's oldest and largest bank—it is also because we have always placed special emphasis on correspondent bank relations as a major element in our business.

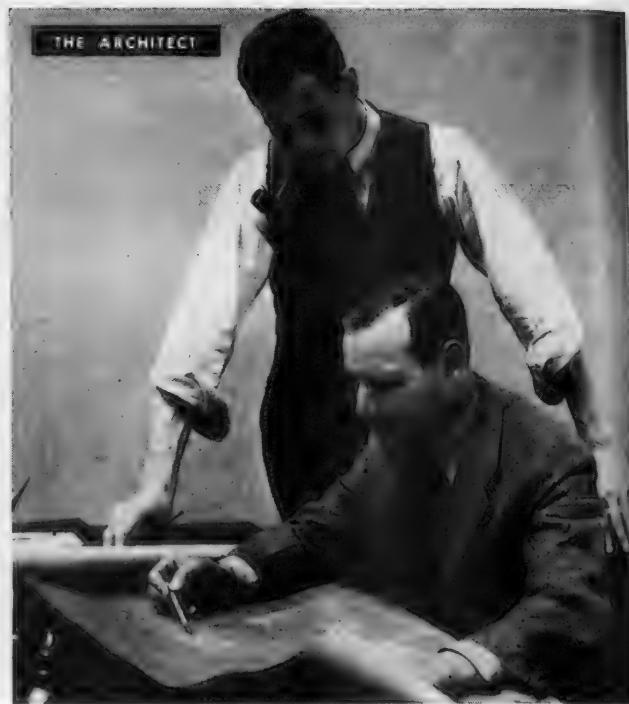
Our officers will be glad to answer inquiries from any interested institution—either relating to our correspondent bank facilities or to supply information concerning trade conditions in the Philadelphia area.

**THE PHILADELPHIA
NATIONAL BANK**

PHILADELPHIA 1, PA. ★ ORGANIZED 1803

Resources over \$750,000,000

MEMBER OF FEDERAL DEPOSIT INSURANCE CORPORATION



The Questions before

THE WAR—as we at General Electric very well know—is not over by a long sight.

But it's perfectly right and natural that the people concerned with postwar home building should already be starting to think about the houses of the future.

For before the house of the future is designed, built, and financed there'll be some questions to be answered and some problems to be solved.

Now, we're one of the interested parties, since we shall be making so much of the equipment that turns a house into a liveable home.

We don't mean just wiring, heating, and air-conditioning equipment, but also ranges, refrigerators, electric dishwashers, electric garbage disposal units, kitchen cabinets, water heaters, et cetera, et cetera.

Here's what we'd like to ask

Shouldn't this kind of equipment—some, or all of these appliances—be designed right into the house by architects . . . built right into the house by builders . . . financed with the house by mortgagees?

Shouldn't this be done, not just with the fancy \$10,000-and-up jobs, but with homes that sell for as

low as, say, \$4000 or \$5000?

We think this is a proposition worth some serious thought.

Of course, it's no brand-new idea. Up to Pearl Harbor, a substantial number of homes had been built and financed that way—with some or all of the major electrical appliances included.

FHA regulations permitted the inclusion of such items in mortgages in many cases and thereby helped establish the precedent for banks, mortgage companies, building and loan associations.

There was, definitely, the beginning of a trend.

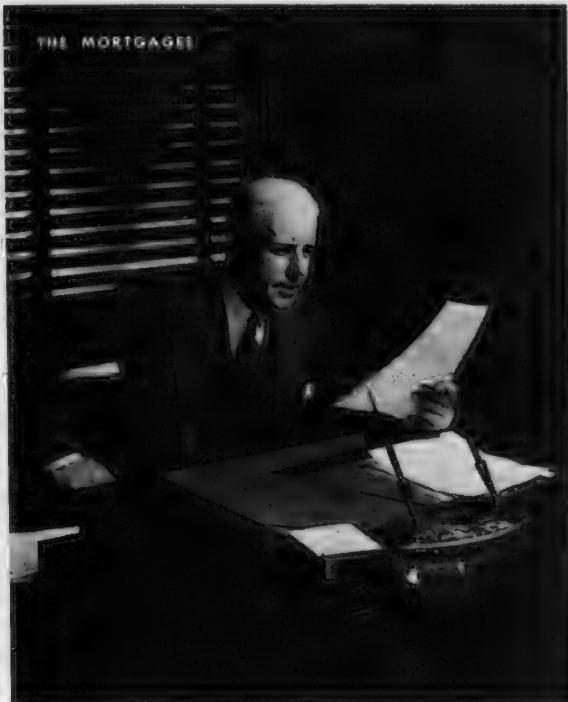
Now the war comes in

War being what it is, the trend had no chance to develop further.

For the duration, Mr. & Mrs. John Q. Public can't buy a new home, can't let loose their natural urge to own the "latest thing."

This creates a great, pent-up buying impulse.

At the same time, there's being built up a great buying power. It's estimated by the U. S. Dept. of



the House

Commerce that, if the war lasts through 1944, consumers will have received approximately 100 billions of dollars more than they have been able to spend since the start of the war.

And also at the same time, our friends Mr. & Mrs. J. Q. are being told of the wonders they can expect in new things after the war. Their appetites are being whetted for something different, something finer, than they knew before the war.

Witness, for example, the advertising General Electric is running right now in a number of leading national magazines.

New days... new expectations... new habits

We think these factors can give an impetus to the building, financing, and selling of houses complete with electrical operating equipment.

We think they'll increase the public's desire toward buying that kind of house. People won't expect houses to be offered as they were before the war. They'll be ripe for changes and improvements. And they won't be clinging to old buying habits, old buying resistances.

All of which, we believe, is food for thought for architects... builders... financial people.

Have you any questions?

We at General Electric have gone very deeply into the ways and means of building and financing the kind of home we're talking about.

We've had considerable experience. We've collected a lot of data, both engineering and financial.

Have you any questions? We'd like to have them, as well as your opinions. Won't you drop us a line?

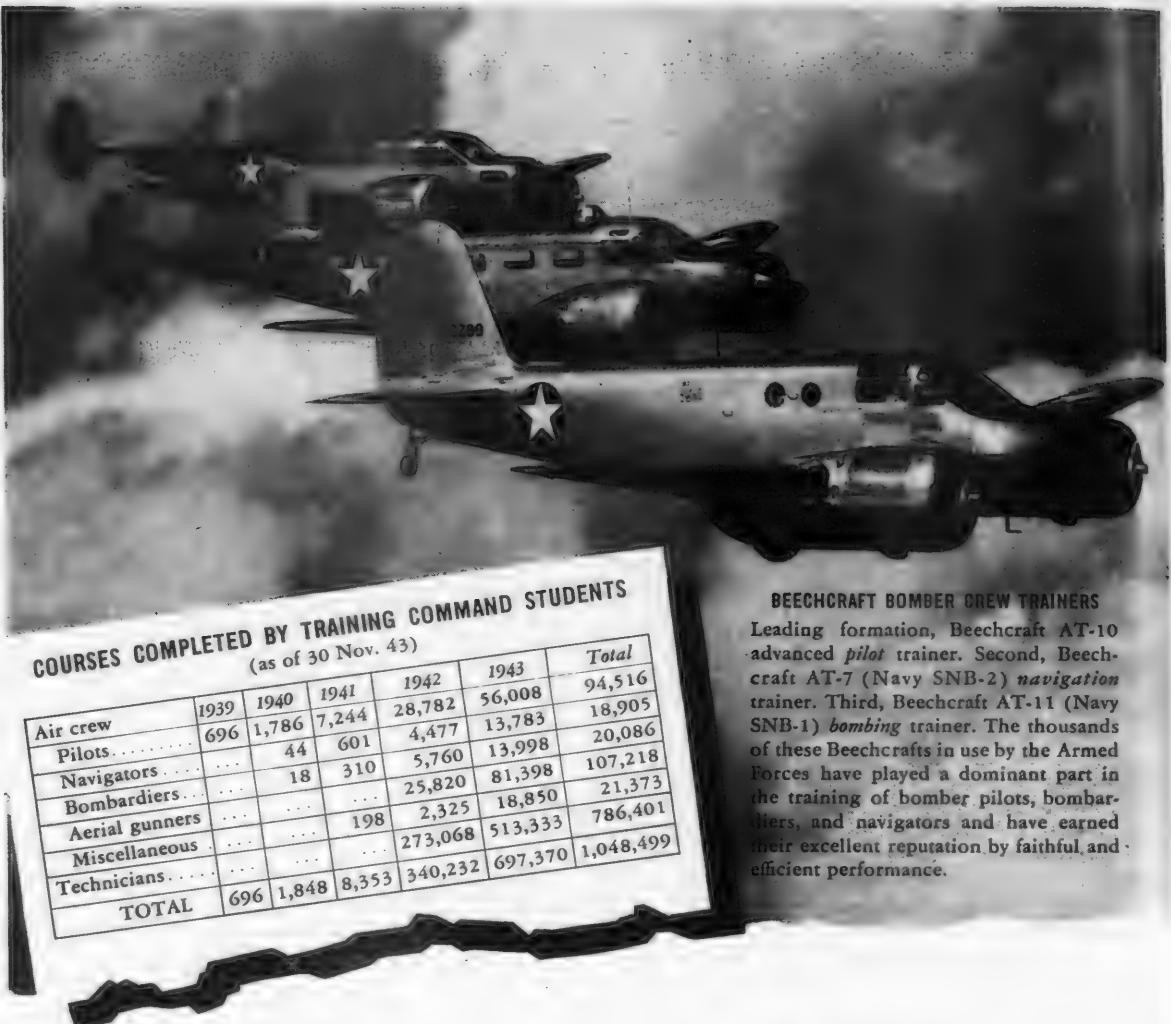


Everything Electrical for After-Victory Homes

GENERAL  ELECTRIC

Home Bureau • Bridgeport, Conn.

Hear the General Electric radio programs: "The G-E All-Girl Orchestra" Sunday 10 P.M.—E.W.T. NBC. "The World Today" news every weekday 6:45 P.M.—E.W.T. CBS.



COURSES COMPLETED BY TRAINING COMMAND STUDENTS
(as of 30 Nov. 43)

Air crew	1939	1940	1941	1942	1943	Total
	Pilots	696	1,786	7,244	28,782	56,008
Navigators		44	601	4,477	13,783	18,905
Bombardiers		18	310	5,760	13,998	20,086
Aerial gunners				25,820	81,398	107,218
Miscellaneous			198	2,325	18,850	21,373
Technicians				273,068	513,333	786,401
TOTAL	696	1,848	8,353	340,232	697,370	1,048,499

BEECHCRAFT BOMBER CREW TRAINERS

Leading formation, Beechcraft AT-10 advanced pilot trainer. Second, Beechcraft AT-7 (Navy SNB-2) navigation trainer. Third, Beechcraft AT-11 (Navy SNB-1) bombing trainer. The thousands of these Beechcrafts in use by the Armed Forces have played a dominant part in the training of bomber pilots, bombardiers, and navigators and have earned their excellent reputation by faithful and efficient performance.

A magnificent accomplishment is summarized in the figures quoted above. In only two years, the Training Command of the U. S. Army Air Forces has schooled virtually the entire personnel of the world's greatest air army. Its graduates are beyond doubt the best-trained airmen in all military history. The results of their training are apparent in every news dispatch that tells of bombing missions successfully completed, and of aerial combat scores predominantly favoring our air arms. Here is the sure forecast of our Victory . . . for Victory today must be won in the skies.

Beechcrafts are doing their part!

Beech Aircraft



C O R P O R A T I O N

BUY U. S. WAR BONDS AND STAMPS

WICHITA, KANSAS, U. S. A.

APRIL 1944

In This Corner—

KID DeFLATION!

PAUL F. CADMAN



DR. CADMAN is the economist of the American Bankers Association.

HERE is a disposition to talk about inflation as something that may happen unless high taxes and price controls are continued for the duration of the war, and for an unknown period thereafter. The threat of the inflationary gap has been extensively exploited, and there is a continuing reiteration of the theory that "excess purchasing power should be mopped up."

The fact is that inflation is here. Our present concern is whether we will have more of it, or less of it, in the near-term future, particularly in the months immediately following the termination of hostilities.

Most of us have taken sides on this question. The preponderance of opinion among the analysts probably leans toward the acceptance of a permanently higher price level and tends to favor the view that inflationary forces will continue until pent-up consumer demand is fairly well satisfied. But the issue is so important that full consideration must be given to the deflationary, as well as to the inflationary, factors which could operate in the price structure in the near-term future.

A strong case can be made to support the opinion held by many that inflationary tendencies will prevail until the post-war up-swing in business activity has spent itself. However, this thesis may not be valid! There is nothing sacred about a universal opinion, even among experts.

Points for Inflation

In brief, the arguments of those who hold that inflation will continue are as follows:

(1) There has been an immense increase in available purchasing power. The volume of currency in circulation and of bank deposits is now more than twice the all-time high figure prevailing before our entrance into the war. Whatever may be said about the inadequacies of the quantity theory of money, the fact remains that

this huge increase in purchasing power cannot be ignored in any intelligent appraisal of the price structure.

Furthermore, as long as the deficit financing incident to the war and to lend-lease operates, the volume of purchasing power will continue to increase. The heroic mood essential to finance the war entirely by taxation has never prevailed and in an election year is less likely to do so than ever. Because the income derived from taxation and borrowing does not cover expenditures, there is certain to be further expansion of bank credit with the consequent increase in purchasing power.

(2) Organized labor now claims 13 million dues-paying members, and the general wage level is the highest in history. Although a substantial reduction in money income will accompany the discontinuance of overtime employment, a well-organized and partially effective effort will be made to maintain the prevailing basic wage structure.

(3) Our stores of coal, oil, gas, wood, mineral ores and other basic raw materials have been reduced. This fact would indicate higher prices for certain of these items. It may be necessary to augment the remaining supplies by imports.

(4) Unfilled domestic consumer demand will be sufficiently large to invoke keen competition for many types of goods and services when civilian production is resumed. Competition among consumers for the existing supply will exert an upward pressure on prices only partially controllable.

In addition, the demand for food, drugs, clothing, and housing in the liberated war areas will be met by gifts or by a modification of lend-lease, at least until the fruits of the second post-war harvest in Europe and in Asia are available.

(5) There will be an extensive demand from abroad for American machinery, tools, and raw materials. Some means of payment will be devised; should there be prolonged delays, at least two gold-producing countries, Russia and England, could employ new gold in partial settlement.

(6) It is widely assumed, with questionable logic,



BROWN BROTHERS

History

This is the way airplanes were made in World War I in the old Curtiss plant. Dr. Cadman says protagonists of coming deflation, reviewing economic history after that war, point to the movement of prices: a rise for more than a year after the Armistice and then, from the Spring of 1920, a decline that lasted a year and a half

that low interest rates will encourage the use of capital, thereby increasing industrial activity.

(7) Instalment and mortgage debt has been substantially reduced. This fact will tend to stimulate the demand for consumer durables and for housing.

There is no need to multiply evidence. The general theory is that there will be an immense and active demand supported by a huge volume of purchasing power. Money will turn over rapidly. Buyers will bid against each other. A boom phase of the business cycle will emerge.

The prospects for deflation are not so easy to capture. Even the most optimistic will admit that there will be considerable unemployment when war contracts are terminated. Every effort is being made to forestall critical unemployment and to shorten its duration. The question may well be asked, "Can there be unemployment and inflation at the same time?" The glib answer might be, "Yes, there can be, for those who are employed will be avid buyers and will not be particularly price conscious." A much more realistic view is that the employed will be fully aware of the threat of unemployment, and therefore will be cautious in their spending. The suspicion that there will be a wholesale cashing of War Bonds is gratuitous. It is much more likely that persons threatened with unemployment, or actually suffering it, will conserve their purchasing power.

Points for Deflation

THE views of the protagonists of deflation are summarized briefly below:

(1) They point to the history of the price structure after the first World War as convincing evidence. In 1918, certain economists stated that the prevailing price levels would be permanent. Some central bankers held that it was extremely unlikely that prices would decline, and that they might even go higher. The price level was then about double the average which had prevailed before the war. Enterprise had partially adjusted to these prices, and numerous long-term con-

tracts had been consummated on the basis of continued high price levels.

Consumer opinion did not follow this line of thought. During the war there had been no universal adjustment of consumer income. War industries had paid high wages, but the income of the "white collar" group had lagged. Nevertheless, industrial production and prices continued to rise for more than a year after the Armistice of 1918. Early in 1920, however, it became apparent that consumers had definite notions of the value of both goods and dollars. There occurred that curious psychological phenomenon known as the "buyers' strike." Without any organized opinion or any directed action, the public simply refused to buy.

THE critical maladjustment between the prices of commodity groups had begun to appear, and, in the Spring of 1920, the price structure started to crack. The decline continued for a year and a half, until the maladjusted prices were brought into line and costs were reduced sufficiently so that prices again encouraged consumer buying. Prices then remained fairly stable for a number of years, whereupon there appeared a flood of literature to the general effect that monetary management by central banks could permanently stabilize price levels and business activities.

In retrospect, the price stabilization which prevailed from 1922 through 1929 seems unfortunate. Prices should have been declining during the 1920's, since costs of production were being steadily reduced through technological advances in industry, agriculture, and transportation.

Those who believe we will have deflation say that the speculation about price levels today begins to follow the same pattern.

Numerous authorities hold that the present prices will have to be maintained permanently. The British Government has announced that the price level prevailing in England at the end of the war will be stabilized and that no declines will be permitted. Our own party politicians are fully aware that they cannot remain in office or be elected to office if any sudden decline in

the price level threatens. However strong the influence of political expediency upon the price level may be, there are other forces far more powerful. The most autocratic political authority on earth does not want to be likened to King Canute. He is not likely to repeat the royal command to the advancing tide.

(2) The protagonists of deflation marshal among their forces the numerous reasons for our not having had a runaway inflation to date. Those most talked about are the controls imposed by government; namely, price regulation and priorities. Despite its shortcomings, rationing has exercised a powerful effect. It is common knowledge that many goods and services, particularly high-priced commodities and expert services, are not available. The purchase of War Bonds has absorbed a certain amount of purchasing power.

BUT there is another factor which has not been adequately discussed or properly evaluated; namely, that the fixed income group has suffered severely by virtue of a rise in the general price level. Those in this classification not only have had little, if any, increase in wages, but also must bear the new income and Victory taxes.

The so-called "white collar" class is for the most part unorganized. Its wages have been frozen by executive order. Those who live on the income from life insurance or other investments have had little or no increase in either interest or dividends. Called or matured bonds cannot be reinvested at equivalent yields. There are literally hundreds of thousands of persons in these classifications who are shopping carefully. They buy less food and lower-quality clothing, and in many instances have sought lower-rent areas. Their standard of living has been steadily lowered. The injustice of their lot as compared with the lot of organized labor is patent and has caused widespread resentment.

(3) The supply and cost of goods in the post-war market may exert a deflationary pressure upon the price structure. When reconversion has been accomplished, American industry and agriculture will be equipped to produce greater volume and variety, and at lower unit cost, than ever before. New techniques, new materials, and new products are in prospect. Certain standard commodities, such as washing machines, vacuum clean-

ers, radios, and other electrical equipment will be redesigned and brought up to date, and in the process notable economies will be effected.

(4) There is now on the market a considerable volume of substitute goods of less than average quality. The clearance of this merchandise may call for price concessions. The disposal of government inventories also could put great pressure on prices, both wholesale and retail.

(5) Unless there is a popular fear as to the value of currency, there may be no overwhelming desire to spend accumulated dollars. The cautious and the provident may well cling to their money and their bonds until the economic atmosphere has cleared. Recently, considerable publicity was given to the statement of an executive in the automobile industry that the early post-war cars would cost from 20 to 40 per cent more in dollars than the same models under pre-war manufacture. Should this be the case, many people may prefer to use the old car until it is ready to be junked, or to get along without an automobile, as they have learned to do during the war. Unwillingness of the public to buy automobiles at advanced prices would be an indication that deflation was in prospect.

(6) Delay in the reconversion of industry after the war may well contribute to deflation. Should intra-governmental disputes as to contract termination, re-negotiation, disposal of surpluses, and allocation of materials retard the production of civilian goods, there could be a period of substantial unemployment.

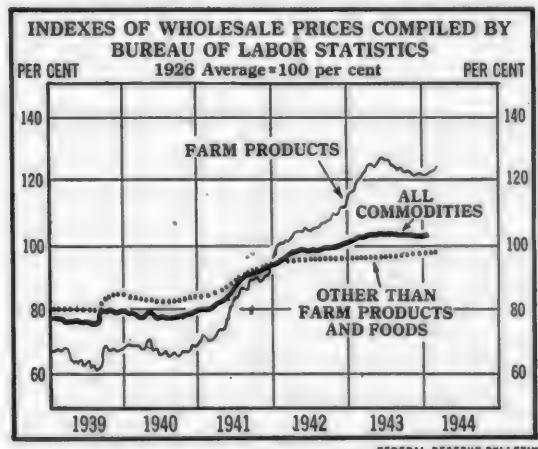
Weighing the Evidence

THERE have been numerous estimates of the economic effects of winning the war in Europe prior to defeating Japan. The forecast of a 50 per cent reconversion after Germany's defeat may well be extravagant. Fifteen per cent may be a safer approximation. The longer the supply of civilian goods is restricted, the greater the chance of inflation, since the public memory of pre-war prices tends to grow less acute with the passage of time.

Unhappily, there are political considerations operating for both inflation and deflation. During the past 10 years, the primary purpose of taxation has been, not to raise revenue, but to redistribute income and wealth. During the war, taxation, fiscal policy, and price control have been closely linked together. After the war, there will be an attempt to maintain this grouping and to use all of these devices to again redistribute income and wealth. Already the redistributors are advocating a continuation of controls. It is a sad fact that price regulation can be used not only to win the war, but also to win or lose votes. What type of price control can be sold to the voting public after the war? Some will favor high prices for farm products and raw materials, particularly for those produced by small enterprise. Some will favor high wage rates and at the same time will insist upon low prices for consumers' goods.

There may be a systematic attack upon big business—organized opposition to bigness as such, and to cartels and combinations in particular. Stock piles are now advocated, sometimes as a service to large-scale pro-

(CONTINUED ON PAGE 102)



Right Packaged Bank Service

ARTHUR W. TODD

MR. TODD is assistant credit manager of the Lincoln Electric Company, Cleveland.

THE deferred payment sale, which for two years has almost passed out of existence due to consumer prosperity and lack of consumers' durable goods, is once again becoming important in the industrial sales program. It presents an unusual opportunity for banks to make or renew acquaintance with a stable and profitable class of trade, even if the initial transaction does not provide an outlet for the bank's lendable funds.

We are manufacturers of electric welding equipment, and like many producers of industrial equipment we prefer for reasons of sales policy to sell on terms of 6 per cent interest on the unpaid balance—a gross profit too low for the average bank to handle directly. We need the collection facilities offered by the nation's banks, and are glad to pay the usual charges for these services. The income which banks derive from handling collections should make this service attractive to them as well as to us. More important, from the bank's standpoint, these customers form the regular habit of calling at their banks for financial assistance. Out of these contacts a good deal of profitable business, borrowing and otherwise, should accrue to the collecting bank.

THE need for a time payment system with the least possible sales resistance involved, the shortage of manpower and an improved office technique which has been developed over the last few years, have given us an incentive and an opportunity to design an entirely new collection system which we believe is advantageous to the banks, the customers, and ourselves. In designing this system, Frank Griesinger, credit manager of this company, and I had the benefit of the assistance and suggestions of George W. Andrews, assistant vice-president of the Union Bank of Commerce of Cleveland, who has done an unusually fine job here in tailoring the services of this bank to suit the needs of industry. It is almost certain that the deferred payment method of selling will become highly popular after the war, and the savings in operating cost as well as the increased sales appeal of this system should lead to its widespread adoption.

At the time the sale is made, the customer is asked to sign three copies of a conditional sales agreement, the upper part of the note form, as shown in this article, and, at present, the proper form of priority certification. That is all there is to the paper work. Our conditional sales contract has been drawn up to meet the requirements of all the states in which sales can be made. It is in brief, clear English and as free as possible of legal ver-

"Provision is made for the drawing of drafts to cover the various instalments . . ." The form is at the right

biage. The note form is similarly designed to be understood by any customer. As you will see, provision is made for the drawing of drafts to cover the various instalments, payable at the customer's bank, and the customer, as he signs the note, is able to read the collection form and become familiar with it.

In preparing this form, care has been taken to avoid use of the word "draft" because of the unfavorable sales reaction, even at the risk of a little confusion among the banks until they become used to handling the items. Supplementary instructions provide that all payments must be made through a bank, and that all monthly payments must be in even dollar amounts to simplify handling and the calculation of interest.

After the papers are signed our sales engineer sends them to our branch office. Here a master order form in ditto ink is prepared to cover all details of the order. This will subsequently be run on the duplicator by our home office, and will provide us with all the necessary production, control, billing and shipping papers needed to handle the order completely. At the same time the ditto clerk at the branch will fill in the relevant details in the collection form and send all papers to the main office credit department for handling.

When the equipment is shipped, the serial numbers are entered on the three copies of the conditional sales contract and these are distributed—one for filing with

..... (YOUR ADDRESS)

..... (DATE)

..... (BANK NAME)

..... (ADDRESS)

Gentlemen:

(I) (We) have just purchased welding equipment from the Lincoln Electric Company of Cleveland, Ohio, on that company's deferred payment plan. We have selected your bank as the place where our payments will be made.

Each month, through regular banking channels, you will receive an instalment notice drawn in (my) (our) name. A blank copy of the notice is attached. The date and amount of each payment are shown below in the payment schedule.

This letter will serve as your standing authority to honor these instalment notices as proper charges against (my) (our) account, debiting it on the maturity date for the amount of the instalment, plus interest as specified. However, such charge is not to include collection or exchange fees. Upon debiting the last instalment specified below, this letter is to be considered revoked and canceled.

Yours very truly,

PAYMENT SCHEDULE

..... Number of (YOUR TRADE NAME OR COMPANY)
..... Instalments (YOUR NAME)
..... First Instalment
..... Due
..... Last Instalment Due
..... Amount of each Instalment

"The note form is designed to be understood by any customer"

the proper court of record, one for our file, and one for the customer. We mail the customer's copy in an attractive folder which also includes a description of the operation of the deferred payment plan and a suggested letter which the customer may address to his bank, directing it to pay the various instalment drafts as they come due by charging his account, without further instructions.

THE note form is completed also on the date of shipment. The date of shipment is entered on the original note, and also on the collection form as this is the date from which interest is to be calculated. The customer's note is detached and filed with other valuable records for safekeeping, and the bottom section is sent to the ditto duplicator to be run in sufficient number of copies to allow one for each monthly instalment due. The maturity dates are then inserted by a revolving rubber stamp, and the notices or drafts are filed in a collection drawer alphabetically by maturity periods, each of which covers either the first or the second half of each month.

On about the first and the fifteenth of the month, these notices for the next succeeding period are withdrawn from the file and sent to the bank, accompanied by a tape listing amounts only. The bank in due course numbers each item and returns a list showing the name, amount, and number assigned for each item. The notices are then dispatched by the bank's collection department to its various correspondents for handling. We are fortunate in that the collection system employed by them is a very efficient one. In some areas these are handled as regular collections and in others as cash collections. Particularly in New York City, where the notices go through the cash clearing, it is necessary to have an understanding between the ultimate collecting bank and the customer regarding the prompt payment of the instalments from the customer's account. In country areas the notices are on file with the ultimate collecting bank several days before the due date, and proper arrangements can be made at the time.

By following this system, we need handle the customer's actual notes only twice. The first occasion comes but once a year, when we must endorse the notes to show the balance owing on our records, as of December 31, for

\$..... Street Address.....
City and State.....
Date..... (To be inserted at Home Office)

For value received..... promise to pay to the order of THE LINCOLN ELECTRIC COMPANY the sum of..... dollars

in consecutive monthly instalments of not less than \$..... each

at..... (Name of Customer's Bank) (with interest)

at six per cent per year until paid, the first instalment to be payable on..... (To be inserted at Home Office)

If any instalment of the principal or interest of this note should not be paid when due, then all remaining instalments of principal and all earned interest shall become immediately due and payable at the option of the holder of this note without demand or notice. At the holder's option, payments made on this note may be applied first to interest and second to principal.

(1).....
(2).....
(3).....

FORM BELOW IS TO BE FILLED OUT BY SALESMAN ON DITTO TYPEWRITER

Form CD121 LM 1-43

TO
COLLECTING
BANK

This instrument
represents a
payment due
on our customer's time payment account

Please do not protest

Notify our
bank of
disposition
by mail

\$.....
PLUS INTEREST

Cleveland, Ohio

No. (To be inserted at Home Office)

On..... pay to the order of
THE UNION BANK OF COMMERCE (8-15), Cleveland, Ohio

through collecting bank

the sum of..... dollars
with interest at 6% from the date of this instrument. Value received and charge the sum to the account of.....

THE LINCOLN ELECTRIC COMPANY
12318 Colt Road
Cleveland

Name of Customer

Date

City and State

By..... Authorized Signature

auditing purposes. The second is when payment is completed and the note is withdrawn for cancellation. We do this once a month when the accounting department gives us the ledger sheets of the contract accounts which have been closed by receipt of the final payment. At this time we again do our best to improve sales relations by sending with the note a congratulatory letter thanking the customer for his prompt payments and his cooperation in general, and suggesting that he call on us again whenever he has additional welding problems.

The three main advantages of this system are sales appeal, cheapness of operating cost, and safety. The customer signs only one note for each transaction, no matter how many instalments are involved and only the number of copies required to protect our title.

The preparation of the actual collection notices through the ditto process is simple and direct. The actual notes are kept in our vaults from the time they become valid until they are paid. Should it be necessary to change the place or amount of any payment this can easily be done by preparing a new instalment notice and the previous one can be destroyed.

Aptitude Testing for Bank Workers

MERRILL ANDERSON

The author is president of Merrill Anderson Company, New York advertising agency.

THAT attractive girl with the bright expression and the charming (if nervous) smile, who wants a position in your bank . . . does she have what it takes to be a useful employee? Wouldn't you like to know! Not after weeks of careful training, errors, patience and



tears have proved her a likable little misfit—but *now!* And wouldn't you like to know at what type of work she will do *best*?

If you are located in an area of war industries, it is likely your shortage of personnel has been so acute that you would have welcomed somebody, *anybody*, who looked capable of holding down a job—and no questions asked. If so, you would be no more inclined at the moment to apply the aptitude tests which the psychological laboratories of our colleges have developed as an aid to management, than you would be to quibble about the color and shape of a life raft if you were on a rapidly sinking ship.

It is true that aptitude testing will be of much greater value to many banks in the post-war era than it can be today. But it is also true that inept, misfit help is often no help at all—merely an added drain and worry.

Then, too, aptitude testing is not merely a device for reaching a "Yes!" or "No!" The tests sometimes achieve their greatest usefulness many months after the hiring is concluded; a review of Mr. K.'s record, *including* the results of his aptitude tests, may give invaluable clues as to the advisability of keeping him on in the post-war period; and the most desirable direction and rate of his advancement. If the tests are sufficiently broad, they

can indicate the types of recognition which mean most to the individual—for people are *not* uniform in that respect. The result is an increase in employee contentment and efficiency.

It is arresting when the sales manager of one of the nation's great corporations reveals that aptitude testing, as part of the hiring process, has increased the percentage of successful salesmen from 20 per cent the first year to 40 per cent the second and 66½ per cent the third. But the banker is likely to file it mentally under the heading, "Interesting; what of it?" For he seldom thinks in terms of a staff of salesmen.

But when he realizes that it is quite as feasible to apply tests for basic intelligence; mechanical aptitudes; accuracy in handling figures; social adjustment—ability to work with others; vocational interests . . . and that these, too, *work* . . . his interest doubles and triples.

Such tests have existed for years. As you might expect, they differ considerably in their applicability to a banking organization; in the ease and simplicity with which an applicant can complete them; and in the degree



to which the person who "grades" the tests must be academically trained.

Onondaga County Savings Bank, of Syracuse, New York, offers two tests to each applicant for a clerical position. These were recommended by Dr. Harry W. Hepner, professor of psychology at Syracuse University.

One of the personnel tests given by this bank consists of 50 questions of which the applicant is to answer as many as possible in 12 minutes. The questions at the beginning are quite simple, but grow progressively more difficult. The purpose of the test is to check accuracy in the choice of words, retentiveness of memory, and aptitude for figures and general knowledge. The questions must be answered on first reading, or the test will not be completed on time. There is no opportunity to go back and mull over the meaning of a question if the first reading is not clear. The testee must be alert and keen, too, in order to rate a good score.

This will give you an idea of the hurdles:

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Is Protesting a Relic?

L. H. LOPES

MR. LOPES, president of *The Pajaro Valley National Bank, Watsonville, California*, here takes the opposite view from that expressed by C. W. FISHBAUGH in the article "In Defense of Protesting," February BANKING.

PRESENT laws governing the protesting of ordinary run-of-the-mill checks came into being at a time in the history of our country when existing conditions may have justified their passage. This was during the period of the pony express and the Boston ledger, when out-of-state checks were sometimes weeks in clearing, and when proof of presentation of dishonored checks was harder to establish.

Today, however, with our modern equipment for handling transit items, with the clearing time between any two cities in the United States cut to hours, and with proof of presentation and dishonor so much more easily established, we certainly have no need to continue this obsolete practice with respect to the protesting of checks.

There can be but one approach to this subject, and that is whether it is right or wrong in the light of past experience and present-day conditions. If we determine that it is right, then regardless of whether it is a nuisance, costs us money, is outmoded and creates customer ill-will, it should be retained. (Would we pass such a law today?) If it is wrong—and I contend that it is—the practice should be discarded or revised to meet existing conditions.

An Example

A depositor, who owned and operated a shoe store on Main Street, sold a pair of shoes to a customer and accepted in payment a check payable in a neighboring state. The check was for a larger amount than necessary to pay for the shoes, the customer receiving a substantial amount of change in the transaction. The check was deposited with us and eventually was returned marked "fictitious" with protest fees of \$7.50 added. These were charged back to the customer's account and the check returned to him. In addition to losing the full amount of the check, there had been imposed on this depositor a further expense of \$7.50 in protest fees, and no amount of explanation could satisfy him that he had been properly treated. Was it profitable? No! It disturbed existing good relations between the bank and its customer; and in order to keep his goodwill, the bank absorbed the protest fees. Such incidents only add to the feeling on the part of the public that banks as a group are prone to gouge the public.

Critics might call this an extreme case, one that would not happen in a legitimate transaction where a check is returned for lack of funds and all parties are known and can be located. That is not true. I remember a \$75 check which was returned "N.S.F." with protest fees of \$4.

"Pretty Much of a Farce"

IN my opinion, based on many years of experience, the protesting of checks is pretty much of a farce, serves no practical purpose, costs bank depositors a very substantial sum each year, and creates ill-will. Under this practice additional expense to be borne by the depositor is incurred without his knowledge, request or consent; and I can remember numerous instances when protest fees were the cause of serious arguments with customers and at least several occasions when we had to absorb the fees in order to pacify our customer and retain his account.

The customer objected just as strenuously as the shoe merchant to standing the fees. Telling him that the action was for his protection and convenience so he would have a protest certificate as legal evidence for use in court in case of suit meant nothing, and he countered by asking us if it was good reasoning to bring suit on a \$75 check when the legal fees, win or lose, would cost him as much or more. How can we, as bankers, answer arguments like this intelligently and not feel guilty of taking an absurd position? I cannot recall a single instance where a protest certificate was used as evidence in a suit subsequently filed to collect the amount represented by the protested item.

Depositors' Desires Should Govern

The experience of most bankers has been that very few customers want checks protested, as they find that such action is detrimental rather than beneficial to their business interests. In fact, few customers know what "protest" is until they are presented with their first bill for fees.

As bankers, we merely act as agents in the collection of deposit items; and, therefore, it seems the determining voice in the matter of protest should come from the true owners of the items. After all, the depositor is the one who knows if he intends to bring suit in case of non-payment and whether he wants a protest certificate for legal action. Why should he be charged a fee for something that he does not intend to use? If the question of protest were left to customers, an overwhelming majority would instruct their banks *not* to protest deposit items unless specifically requested.

I have quite recently polled a number of our merchant customers to ascertain their feeling with respect to protesting of checks. Unanimous in their disapproval of the practice, replies ran all the way from "I reserve the right to determine when my account shall be charged and what for," to "Were I charged a protest fee on an

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Inflation Cloud Over Real Estate

NORMAN E. LLOYD

MR. LLOYD is a member of the board of governors of the Mortgage Bankers Association of America, a former president of the Cleveland Mortgage Bankers Association, and president of Allied Mortgages, Inc., in Cleveland.

"HERE'S some fuel for the inflation fire," said my friend who has long had a reputation as a progressive but conservative mortgage banker. "You know that house at 2400 X avenue? FHA looked it over the other day and said \$8,800 is what they would issue mortgage insurance for. That seemed fair to me, but that outfit across the street"—pointing to the office of a busy Cleveland mortgage lender—"made a loan on it for \$9,900. That's too much; it's unsound, uneconomic. Anyone's crazy to take most present-day prices for real estate as a basis for a long-term loan. I'm afraid some of these mortgages aren't going to paid off. They're too high"

I don't remember the rest, but I could easily supply it from my own experiences of the past two years. They all add up to the same thing: inflationary influences in city real estate lending have become a rather serious matter. Bankers and mortgage bankers can no longer ignore them. If they do, every experience of the past points to another slide in property values.

Probably not a collapse of the kind we witnessed last time, most certainly not so severe, but a good hard jolt nevertheless. The storm warnings are up, but too many lenders can't be bothered.

WHAT's back of all this talk about an inflationary trend in real estate sales, mortgage financing and excessive appraisals? What are bankers thinking about it, and doing about it? If they aren't following developments, I have an idea they may wish they had.

Forget about city real estate for a moment and get out into the country. That's where the real basic trends in banking and mortgage financing begin. It's always been true, and especially true as far as the Federal Government's roll in lending is concerned. Almost the first move Uncle Sam ever made as a competitor with private lenders was the old Federal farm mortgage act more than 30 years ago. From that time to this day, there has been a slow but steady growth of the Federal Government in farm mortgage financing, greatly accelerated, of course, in the past decade. Some of it has been good for the country and good for farmers, but the fact remains that the old gentleman with whiskers has ended up with more than 40 per cent of all farm mortgages.

At this moment, Washington is more excited about the inflationary trend in farm land prices than anything else. Secretary of Agriculture Wickard has been warning of the dangers of a farm land boom wherever he goes and he has been in a lot of places this past year. Vice-president Wallace sees trouble ahead unless something is done. Governor Black of the Farm Credit Administra-

tion organized a National Agricultural Credit Committee more than two years ago composed of all types of farm mortgage lenders to study this problem alone. The group has been meeting several times a year but seems to have accomplished little. Wickard wants a stiff capital gains tax on farm land sales. Senator Gillette of Iowa has obliged him with a bill which is plenty stiff. It's still in committee but you may be hearing more about it before long.

How will the whole thing turn out? True D. Morse had some of the answers in January BANKING. If you missed his article, read it now. ["Farm Land Boom or Boomerang," page 47.—Ed.]

THE basic trends in the farm lending economy are more pleasant to review. Life insurance companies have been selling the farms they had to take over during the depression like hot cakes, and selling a lot of them to real dirt farmers. But a lot of city people are buying because they think they are hedging against inflation or because they, like most of us, just want some land "for later on." Farm mortgage indebtedness has been declining rapidly. It now stands at around \$6,350,000,000, which is about 5½ per cent less than a year ago. (The peak year was 1925 when it was \$9,912,650,000, so you can see how far we've come in less than two decades.)

But farm mortgages are getting bigger and bigger, which is a bad sign. They were 17 per cent larger in 1942 than 1940, and you can be sure that the 17 per cent figure was beaten last year. As the Government says, "It is the size of new mortgages in relation to the earning capacity of the mortgaged farms that will determine whether these borrowers are likely to be in a precarious debt situation if prices return to pre-war levels before substantial principal repayments have been made."

So if you are looking for the explanation to the inflationary trend in city real estate, you won't go wrong by first looking pretty carefully at the farm picture. If the Gillette bill becomes law, if some other restrictive tax on farm land sales should materialize, then we may very well see some similar move for city real estate. It may be just around the corner. Farmers, incidentally, aren't going to like it any more than the country banker or anyone else. But that's another story. We're concerned here with a condition, not a remedy for it.

THE background for this so-called inflationary trend in city real estate, especially residential property, is known to every BANKING reader. Interest rates are down in the gutter. A lot of people and institutions have a lot of money to lend and too few people want to borrow any. With new building out, mortgage loans are few—and what a scramble there is for those that are around! But it's about the same in every other field of lending: personal loans, commercial financing, etc.

As far as conservative mortgage bankers are con-

cerned, the inflationary danger begins before any money is loaned. It starts with the appraisal. With mortgage loans scarce, some lenders seem determined to do the one thing that will get them some business: boost their appraisals. With excessive appraisals, excessive loans can be made, loans that many conservative bankers and mortgage men are predicting won't be paid off. The answer is obvious: another wave of foreclosures at some distant date. I can think of few post-war developments worse for the country.

Who are the lenders making these excessive appraisals on city real estate? The answer is that all classes are to blame. Some more than others, of course, but no group of lenders can plead complete innocence. A few savings and loan associations in scattered sections of the country, based on what you hear from many mortgage bankers are among the offenders. That may be partly because these institutions at present are recording about a third of all loans of \$20,000 and less. But right there you have the answer, their critics say, because it indicates that the disproportionately large volume of loans which these institutions are making must result from some specific reason. They go on to point out that it certainly can't be due to some sudden greater appreciation of their lending plans.

SOME banks, too, are coming in for a share of the criticism. They, with trust companies, are making about 20 per cent of all mortgage loans. Some life insurance companies are being similarly criticized and there can be no question but that a few, in their eagerness for mortgage investments, have upped their sights.

It all seems to come down to a question of how seriously we are going to take this rising real estate market in evaluating real estate for mortgage investments. The Federal Housing Administration is standing pat and refusing to recognize what every banker and mortgage man knows are abnormal prices. Both Abner H. Ferguson and Earle S. Draper, FHA Commissioner and Deputy Commissioner, have said they won't recognize these values in determining the amount for which FHA will insure a mortgage. So far they have done exactly that; and, as a result, FHA is coming in for some extravagant praise as a "bulwark against the infla-

tionary trend" and "the best New Deal agency of them all." And much of it, I think, is deserved.

It is true that many uninsured mortgage loans today are being made for more, sometimes considerably more, than FHA would be willing to insure for. FHA approved mortgagees aren't too happy about it. They are also critical of FHA because of the time it takes to process a loan. It's much too long, they complain. Other classes of lenders, especially the savings and loan associations, work faster. One Philadelphia lender told me it was taking two weeks to get an answer from FHA but that the savings and loan associations were ready with their decisions in 48 hours.

The FHA lenders also criticize FHA severely because of what they call its negative attitude toward its refinancing certificate. They say it encourages portfolio raiding, something we've had quite a bit of this past year.

A curious part of the picture is the fact that now, when almost every lender agrees that the excessive appraisal-excessive loan thing has become a problem, two agencies within the National Housing Agency have two different systems of appraising. Or, more accurately one agency has a system while the other hasn't. FHA has a well-developed scientific appraisal method which has been perfected to a fine point. Institutions operating under the Federal Home Loan Bank System, however, have no system at all. Appraising is purely an individual matter with the local savings and loan association. But no one wants any more government control in the business, so no one, as far as I know, is suggesting that Uncle Sam do anything about it.

JOHN H. FAHEY, Commissioner of the Federal Home Loan Bank Administration, and James Twohy, Governor of the Federal Home Loan Bank System, are alive to the situation and the potential dangers of tomorrow. They have set up a specific case system under which any instance of an alleged excessive loan being made by one of their institutions can be reported to them. They look into the matter and take whatever action is necessary. Unfortunately, other lending groups do not have the benefit of such supervision. On the other hand, it is

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Nationwide

Mr. Lloyd says the tendency to "boost the appraisal to get the mortgage financing has become a disrupting influence in the mortgage market." Also, the trend is nationwide. Many mortgage men "are complaining that some lenders have thrown caution to the winds, are following the rising real estate market up and lending money on present day values—just as if they will continue forever."



The "Housekeeping" Job in a Bank

T. J. BARCLAY

The author is auditor of the Northwest Bancorporation, Minneapolis.

IT TAKES approximately \$100,000 of deposits to pay **I** the \$100 a month salary of a junior clerk, allowing for average rates of availability, employment, return, and direct conversion costs. Your reaction to such a statement (after visualizing its Rube Goldbergian aspects) is either "Where can we better our return?" or "Are we wasting any of that return?"—depending upon your particular bent, credits or operations.

There is an old saying that a poor housekeeper can throw more out of the back door with a teaspoon than a good man can throw in the front door with a shovel. This would be particularly apparent in banks today if the tremendous inflation of deposits were not permitting bond earnings to take up the loss of loan earnings. And the housekeepers are confusing the allegory somewhat by taking a goodly share in the back door in the form of service revenue.

This definition of functions is by no means peculiar to banks. Department stores have their operating men and their merchandising men; manufacturers their production superintendents and their promotion and sales men; railroads—well, ditto. And any business

which does not have complete cooperation between the two groups, which fails to appreciate the importance of both functions, or which draws its executives from only one group is rather careless of the stockholders' interests. It is, of course, possible to be a good loan *and* operations man, in fact it is imperative in the small country bank; but in no bank can either loans or operations be handled as a spare-time job.

Today in medium and larger banks many loan men are taking time out from their new leisure to look at internal operations. If they look deeply enough they will probably be surprised at what has happened to operations since their own early days on the books or at the window—operations both as a vehicle for credits and as a major source of income in its own right. They will see possibilities that are a challenge to their best analytical efforts, and they will want to take this part of banking out of the hit or miss classification. Where they formerly regarded cost statistics, for example, as so much froth, they might now consider them just as essential to efficient operation as balance sheets and operating statements and a knowledge of collateral are to the appraisal of loans.

Many parallels can be drawn between loaning men and operating men. If there are loan men who adhere to this or that fixed statement ratio there are operating men who feel that this or that system of proof or type of equipment is best for all banks of a given size. If there are loan men who use a fixed rule of thumb in judging barnyard loans there are operating men who apply fixed personnel-to-volume ratios in judging operations. There is, however, one important lack of parallel: a poor loan will eventually be charged off, but a poor system can go on and on, eating up earnings, encouraging embezzlements, and discouraging personnel.

Operations control can be reduced to an exact science no more than can credits, but operations men can try at least to reach the highest point of logical planning which the human element will permit. There is no mystery about the job. For example, the teller-proof-transit-ledger combination of operations must be worked out as a balancing or compromise meeting of numerous opposing factors. On one side we have the desire for the quickest possible dispatch of items—a minimum of handling, through a maximum number of original sorts, a maximum number of items to a total, and a minimum of recapping. Opposing these we have record and safety requirement, customer errors, equipment costs, equipment speed limitations, and employee limitations as to sorting and listing speed and accuracy. Conceivably an operations man who has knowledge of the various methods of handling each type of deposit, who knows sorting and listing speeds, the probability of error, proving and posting methods, and equipment uses and actual costs can select the best methods for his bank almost as a solution to a mathematical problem.

Operations Men

OPERATIONS need men of the caliber who formerly reasoned that their only hope of adequate reward lay in credits; and there are undoubtedly many credit men now available who would make excellent operations men. But let any man who is willing to deal with operations as a side line ask himself whether he has these qualifications:

- (1) *Actual experience in the main operating departments, in loan accounting, general ledger, and audits.*
- (2) *More than a speaking acquaintance with the types of equipment and supplies available.*
- (3) *Intimate knowledge of the many reports now required.*
- (4) *Knowledge of commercial accounting and cost systems, as background for bank system and costing.*
- (5) *Sympathetic understanding of personnel problems.*
- (6) *Knowledge of personnel regulations, taxes, negotiable instruments laws, bank regulations, and mathematical principles useful in business computations.*
- (7) *A practical viewpoint, but not scornful of theory; alertness to short-cut methods, but not compromising with safety.*

Building for the Future

JOHN L. COOLEY

Home Savers' Clubs

INTEREST in the post-war construction and equipment of homes has increased to the point where BANKING has assigned several of its pages to monthly coverage of developments in a field that is important not only to mortgage lending institutions but to banks having consumer credit departments.

Hardly a day goes by that BANKING doesn't get at least one letter inquiring about post-war home builders clubs or the other thrift agencies offering their services to Mr. and Mrs. Public who have their eyes on that home of their own.

This department has been established to provide information, news, suggestions and promotional ideas for the benefit of banks, manufacturers of building equipment and furnishings, and the prospective home owners themselves. We shall endeavor to keep our readers in touch with what is going on—although so much is happening in this field these days that we fully realize we've given ourselves a tough assignment. However, we'll try to carry it out, and will welcome suggestions.

Newsorthy this month is an account of some new home-savers' groups, several of which have come to our attention in recent weeks. This method of interesting prospective buyers and owners in a post-war house has been widely considered, especially since BANKING published the story of the Home Ownership Savings Club organized by the PEOPLES BANK OF CUMBERLAND, Maryland. This month we report on three new variations of the group idea.

A TREE and the Dodgers aren't the only things that grow in Brooklyn. Homes—thousands of them—grow there, too, and more will spring up when the war is over.

Opening Day in one section of the Home Buyers Institute. Hundreds attended



A prospective home owner asks to be put on the Institute's mailing list



To help the prospective builders and owners of these homes, THE DIME SAVINGS BANK OF BROOKLYN has organized the Home Buyers Institute which will supply practical information and ideas, free of charge, to those who open special savings accounts for accumulating the down payment.

The Institute, housed on the fifth floor of the bank's building, features an exhibit of building materials, equipment and home furnishings. Over the 5,000 square feet of floor space occupied by this exhibit, the home-hungry visitor can wander to his or her heart's content, loitering to inspect the model kitchen, the living room, the heating units, insulation materials, plumbing fixtures, insulating and roofing materials, and the many other displays installed by national and local companies. The exhibits will be changed frequently, so it will pay the serious visitor to stop in occasionally, just to keep up to date.

In planning the exhibit, a member of the bank's staff visited several dozen makers and sellers of construction materials, furnishings and home comforts. The percentage agreeing to cooperate in the plan was high, and many nationally known companies show their wares under the sponsorship of one of the country's largest mutual savings institutions.

Membership, as indicated, depends upon maintenance of one of the Dime's Home Buyers Institute accounts. Special passbooks are provided for the periodic entry of sums deposited toward the down payment on that "home of your own." There is no obligation, no pledge to deposit a particular amount; and the money can be withdrawn when, as and if desired. Balances receive the bank's regular interest.

Each depositor-member receives an attractive scrapbook. Entitled "Ideas for Our New Home," this large loose-leaf binder is equipped with pockets to hold clippings on a wide variety of subjects, such as room layout,



A corner of the Institute

fixtures, equipment, landscaping, and furnishing details for the rooms. There is ample room on the pages for note-taking.

In a foreword, Philip A. Benson, the DIME's president, remarks that planning is one of the joys of purchasing a home. He adds:

"Intelligent and careful planning now of such things as size and location of rooms, closets, color schemes, bathroom and kitchen equipment, furnishings, etc., will reflect your own individual personality and will better provide for the habits, interests and needs of your individual family. Utilize your scrapbook. It will pay you dividends in the future enjoyment of your home.

"We welcome you as a member of the Home Buyers Institute, and sincerely trust that your association with us will mark the beginning of a long and lasting friendship. Please feel free to come and discuss your problems with us."

In addition to the scrapbook, members will also receive from time to time, by mail, information of special interest to prospective home owners. And, as Mr. Benson says, they are privileged to consult the bank at any time about the planning and financing of their home.

A brochure, "Looking Ahead," explains the Institute's plans and functions in detail, outlining the various steps toward home ownership: accumulation of the down payment, planning the house, and financing the house through a self-liquidating mortgage.

The bank is using numerous media for telling the Institute's story to the public of Greater New York. Newspaper publicity and advertising, as well as carefully placed radio spots, proved effective prior to and after the opening, and these channels will be used in further promotion.

ANOTHER variation of the home-savers' program arrived last month in Milwaukee. Its name is the "Plan Your Home Club," and the sponsor is the Boston Store of that city. However, the MARSHALL & ILSLEY BANK is prominent in the picture as depository, while the local

IN ACCT. WITH MR. JOHN DOE

— Home Buyers Institute Account —

DATE	WITHDRAWAL	DEPOSIT	INTEREST	BALANCE	TELLER
1 MAR-6-44		★★28.00	★★★28.00	APD	
2 APR-3-44		★★28.00	★★★56.00	APD	
3 MAY-1-44		★★28.00	★★★84.00	APD	
4 JUN-3-44		★★28.00	★★★112.00	APD	
5 JUL-3-44		★★28.00	★★★140.00	APD	
6 AUG-7-44		★★28.00	★★★168.00	APD	
7 SEP-5-44		★★28.00	★★★196.00	APD	
8 OCT-2-44		★★28.00	★★★224.00	APD	
9 NOV-6-44		★★28.00	★★★252.00	APD	
10 DEC-4-44		★★28.00	★★★280.00	APD	
11 JAN-2-45		★★28.00	★★★308.00	APD	
12 FEB-5-45		★★28.00	★★★336.00	APD	
13 MAR-5-45		★★28.00	★★★364.00	APD	
14 APR-2-45		★★28.00	★★★392.00	APD	
15 MAY-1-45		★★28.00	★★★420.00	APD	
16					
17					
18					
19			Interest will be computed and credited at the prevailing rate.		
20					
21					
22					
23					
24					

THE DIME SAVINGS BANK
OF BROOKLYN

ALWAYS VERIFY ENTRY BEFORE LEAVING WINDOW

The passbook issued to members

electric company and the American Institute of Architects are also cooperating.

This club is to hold classes, rather than meetings, at which subjects of vital interest to every home-planner or modernizer are discussed—such things as financial preparation and methods of financing; selecting a location, modern home designs for modest incomes; construction; lighting and wiring; all-electric kitchen and laundry planning; heating and air conditioning; landscaping; interior decoration and furnishing. Leading authorities will discuss these subjects and answer questions in open forum meetings at the Public Service Building auditorium.

Home Planners' Centers have been opened at three Milwaukee locations: the lobby of the Marshall & ILSLEY Bank, the Boston Store, and the Public Service sales room. Free parking lots are provided for those who attend the classes.

At the club's first meeting last month 750 persons were present, although the night was windy and wintery. The president of Wisconsin Chapter, American Institute of Architects, and Milwaukee's city attorney, a man who has made a long and serious study of metropolitan housing, spoke.

The series of lectures, which are to be given on alternate Tuesday evenings, was outlined and members of the audience were asked to write out questions on housing or equipment and submit them for answer by experts at subsequent question and answer periods.

Start Today to Plan Your Home of Tomorrow

Attend Free Classes!
OF THE PLAN YOUR HOME CLUB

First Meeting Tuesday, March 7

Do you really want to own a modern home after the war? And we mean your own—each room planned, equipped, furnished and decorated to suit you alone.

How about architecture? Shall it be modern or time-tested colonial or other conventional style? Then there is the important matter of location—of electrification, lighting, kitchen and laundry planning, decoration, furnishings and all other things that will make your dream home come true.



Whether you plan to build, buy or modernize, here is your opportunity to study with and get the advice of outstanding architects, designers, decorators and other authorities.

The Plan Your Home Club is presenting a series of classes on these subjects of vital interest to everyone who is thinking about

Part of an advertisement announcing the Milwaukee Plan Your Home Club

At the second meeting a prominent Milwaukee architect and a member of the city's Real Estate Board were speakers, while A. S. Puelicher, president of the Marshall & Ilsley Bank, is scheduled to address an early April session.

The organization is being promoted by its sponsors through the media of newspaper ads, car cards, lobby posters, window displays and radio announcements. The Boston Store and the electric company have regular programs, with exhibits, including model homes, one of which is in the bank lobby. At each meeting building and equipment literature, received from established manufacturers, will be distributed. The sponsors will endeavor to limit the membership to 1,000, the capacity of the auditorium wherein the meetings are held.

IN Rochester, New York, the MECHANICS SAVINGS BANK has its Own-Your-Home Club which offers post-war home planners a three-way plan. Here's how the bank describes it:

"This club is not just another savings plan. It goes far beyond that. It is a club specifically designed to help you every step of the way in your home planning. It helps you save the necessary down payment. It helps you design, plan and build that home. And it helps you arrange all the financing details from placing a mortgage to paying the builder."

These are the benefits the club offers:

1. An "easy, safe, convenient way" of accumulating the down payment.

2. Members receive regular mailings from the bank for their "idea file." This material includes helpful information, booklets, catalogs, magazine articles, announcements, and the newest and most authentic data on materials, insulation, heating, plumbing, new appliances, etc. Data on subdivisions and real estate developments in Rochester and vicinity are also provided.

From a folder describing the Rochester bank club

Announcing Rochester's Newest and Most Helpful Savings Plan . . .



MECHANICS SAVINGS BANK OWN-YOUR-HOME CLUB

3. Members have "the help, counsel and advice of men long experienced in home planning, building and financing." The bank will help a member choose a suitable location, advise him on taxes and assessments, provide a list of reliable builders, architects and realtors, and help plan a sound building budget.

4. The member will be able to arrange a building loan and a mortgage loan with the minimum of inconvenience.

5. Deposits earn regular bank interest.

What's Ahead

To a number of banks in representative cities throughout the country BANKING sent several questions pertaining to post-war building prospects. Here are the questions, with a consensus of the answers to each:

How large a volume of home building is there likely to be in the immediate post-war years?—*Considerable.*

Will this activity develop gradually or come rather quickly?—*Opinion divided between quickly and gradually.*

What kinds of homes will be built and in demand?—*In the medium price range, relatively speaking.*

What will be the effect of this new building on older house values?—*Many of the bankers replying thought the effect would be adverse and that the market for old houses would be depressed.*

How much remodeling will be done to take advantage of the new materials and equipment that will be available?—*A substantial amount.*

What is the over-all outlook for consumer credit in this picture?—*Good; ample credit will be available.*

Club Aids

In its December 1943 issue BANKING listed several manufacturers of building materials and equipment which could contribute, in the form of films, booklets, speakers, etc., to meetings of home ownership savings clubs, or to memberships. Here is a further list:

ARMSTRONG CORK COMPANY, Lancaster, Pennsylvania: *Booklets.*

BRIGGS MANUFACTURING COMPANY, Plumbing Ware Division, Detroit: *Folder, 16 mm. movie.*

GENERAL ELECTRIC COMPANY, Home Bureau, Bridgeport, Connecticut: *Booklet.*

INSULITE, Minneapolis: *Booklet.*

NATIONAL OAK FLOORING MANUFACTURERS' ASSOCIATION, Memphis: *Booklets.*

OWENS-ILLINOIS GLASS COMPANY, Toledo, Ohio: *Booklet; possibly slide films, movies, speaker.*

REVERE COPPER AND BRASS, INC., New York: *Booklets.*

orders for post-war merchandise, ranging from cars and boats to nylon stockings and airplanes.

The newspaper's inquiry in nine cities disclosed, however, that "many retailers and manufacturers are inclined to be cautious about commitments for after-the-armistice deliveries." Some carefully avoid down payments, relying instead on customer "priority lists." Automobile and electric appliance dealers top the list of post-war sales promoters.



Douglas Whitlock, president of The Producers' Council, Inc., national organization of building material manufacturers, said necessary advance planning of post-

New Worlds to Conquer

HERE are some excerpts from the address by DR. ERNEST M. FISHER, A.B.A. director of research in mortgage and real estate finance, at the annual meeting of the Associated General Contractors of America, Inc., in Chicago:

For the financing of mortgage indebtedness ample funds will be available in the post-war period. . . . There are certain limitations, however, upon the investment of these funds in mortgage credits. The first is that each project must be submitted to the closest scrutiny to ascertain the likelihood that the debt service can be paid out of the proceeds of the operation of the property. The promiscuous and unstudied credit represented by mortgage bond issues during the 20's should never again be tolerated. . . .

In the light of the achievements of our economy in the past four years we can intelligently believe that there are unparalleled opportunities for building on a

sound credit basis during the years that lie ahead.

The challenge to the imagination of the builder and the lending institution is in the appraisal of the economic soundness of the proposed construction. All too frequently in the past both parties have been too rigid in following established patterns, and have judged the market solely by past performance. . . .

Unless private enterprise is willing to abdicate and become neither private nor enterprise, there must be both contractors and lenders who are willing to experiment with novel and unfamiliar projects. The fact that "it has never been done before" must not stand in the way of logical and intelligent experimentation. There are new worlds to conquer, new frontiers to be explored and settled; there are still imaginative and bold enterprisers who will accept the challenge of these new frontiers.

war construction by business concerns would be speeded greatly by revision of the Federal tax laws to permit expenditures for architectural and engineering services to be deducted as current expenses. Present tax provision require such expenses to be classed as capital investment. The effect of the proposed change, Mr. Whitlock asserted, would be to give business an incentive to prepare for building promptly during a critical employment period after the European war ends.



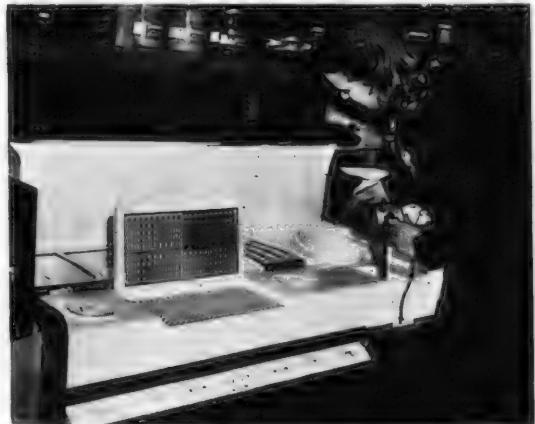
W. Paul Jones, vice-president in charge of refrigeration for Philco Corporation, asserts that the first refrigerators to reach the consumer when production is resumed will not be revolutionary in design. He bases his prediction on the premise that manufacturers, distributors and dealers will be eager to return to civilian business quickly and that there will be plenty of production problems without the complications incident to radical design changes. Also, experience in other industries has proved that the buying public reacts slowly and cautiously to radical design changes and that a period of transition between pre-war and post-war models is desirable.



Collier's Weekly says three major steps are required to prepare for a post-war housing boom: (1) We need agreements from labor "to keep paralyzing hands off factory-built houses or prefabricated parts of houses"; (2) city building codes need to be modernized; (3) "credits for home builders will have to be lined up in home-loan banks, on a basis of a down payment of some 20 per cent of the purchase price in government bonds, a loan of the balance, and a 20-year instalment plan of repayment."

The magazine proposes that representatives of labor, builders, chambers of commerce and banks get together and settle now all differences that later might interfere with post-war housing construction. Former President Hoover is quoted as saying that plans for such a construction program would be "the best possible single means of cushioning the expected post-war slump."

"Tomorrow's kitchen"—part of a Libby-Owens-Ford exhibit at R. H. Macy's, New York



WIDE WORLD

April 1944

"Dream Home"

MARGARET KANE

MISS KANE is research assistant in the Mortgage Research and Real Estate Department of the A.B.A.

IN the current daydreaming about "after the war," everybody, with the possible exception of the consumer, has an opinion to express, and expresses it, on the subject of the post-war home.

The visions of the various prophets do not always agree. One school of thought, exemplified by the author of a recent magazine article, says: "Never will there have been so great a change in so few years." Speaking for the more conservative viewpoint, the F. W. Dodge Corporation quotes a group of experts as agreeing "that future development of housing design will be evolutionary as in the past, that radical innovations are not expected, and that the post-war house will, like the post-war automobile, be to all intents and purposes a 1942 model."

We are all familiar with the glowing picture of the "miracle" post-war home that may be assembled from magazine advertisements and elsewhere. It looks like nothing ever seen before. In it housework is practically eliminated, dust never gathers, light, air, and sound are all controlled, room spaces may be rearranged at will; and the best of it is that the house will roll off the assembly line and be delivered to the site at such an insignificant cost, financed by such improved methods, that even a white-collar worker may aspire to own it.

This edifice is well named a "dream home," although it is hardly the home to which soldiers and sailors dream of returning when the war is won. Their dream home probably is the home they had or would have liked to have before the war, improved with whatever gadgets have been made available in the meantime.

It is not likely that in the near future the pre-war home will be entirely obsolete. Yet there certainly is no doubt that housing design, materials, and construction methods are in a state of accelerated evolution, and that experiments tried out in war housing and in various buildings for military use will have an influence after the war. The disappearance of the servant, and the fact that increasing numbers of women have jobs outside the home, make efficient operation of the home plant more imperative than ever before. Whatever streamlining can be done in the interests of labor saving and enjoyment of the home will be welcomed by homemakers, but there will still be hesitation in going all-out for extreme variations from familiar designs and layouts.

Architectural Forum believes that "modern architecture has passed through a long evolution to emerge now as the only acceptable approach to present day problems." Nevertheless, modern architecture has not succeeded so far in attaining full acceptance by the public and by home financing agencies.

There is no good reason to expect that an out and out miracle will have taken place in the housing industry in the interval between Pearl Harbor and Tokyo, but there will surely be changes and improvements in the first post-war homes—with the prospect of many more.

BANKING NEWS

14 States Now 100% in A.B.A. Membership

679 New Members Added in 6 Months

Virginia, South Dakota, Mississippi, Montana and North Carolina have joined the list of states in which all banks are members of the American Bankers Association.

R. L. Dominick and J. R. Dunkerley, chairman and secretary, respectively, of the Organization Committee, reported that these states were in addition to Colorado and North Dakota, whose inclusion in the 100 per cent group during February was previously announced.

Citations for Workers

To State Vice-presidents V. S. Whitesides of Mississippi, Merrill of Montana, Davis of Virginia, Banfield of South Dakota and Roberts of North Carolina, as well as Regional Vice-presidents McGeoy, Dean, McConnell and Matzke goes, said the Committee report, "the highest citation which can be conferred" for their work.

Fourteen states now have a perfect record, while the following were near that mark on March 1. Delaware needed four members, Florida and Rhode Island two each, South Carolina three, and Washington and Wyoming one each.

"Traditionally the poorest membership month," said the report, "February this year yielded 91 new members as compared with seven last year. Nineteen of these were obtained in Kentucky under the direction of Regional Vice-president Miller and State Vice-president Porter. Vice-presidents Rheinhold and Gregory accounted for 10 new members in Pennsylvania.

"The accomplishments of February brought the total of new members obtained since Sept. 1, 1943, to 679 as compared with 263 for the similar period of the previous year."

GRADUATE SCHOOL REACHES 10th YEAR

The Graduate School of Banking conducted by the American Bankers Association at Rutgers University holds its 10th resident session during the fortnight of June 19.

The School reaches its 10th anniversary with a record of having graduated 1,131 bank officers who have taken a two-year course of extension work and attended three Summer sessions of resident study at Rutgers.

As announced in BANKING last month, several new members are being added to the School faculty this year. The latest of the newcomers is Harold E. Zarker of the Princeton (N. J.) Bank and Trust Company, who joins Robert W. Bachelor, Arthur Jansen and Graham Nash on the teaching staff.

Mr. Bachelor, assistant economist of the A.B.A., holds the degree of Master of Business Administration of the University of Washington and has been a member of the Association staff since 1941. He for-

merly was an economist with the United States Tariff Commission in Washington, D. C., and the Federal Reserve Bank of San Francisco. He will teach a new G. S. B. course on sources of statistical information.

As one of the principal contributors to "Barron's," national financial weekly, Mr. Jansen, general partner and manager of the analytical and research department of W. E. Burnet & Co., New York, is regarded as an authority on railroad and public utility finance. He holds the degree of Bachelor of Science from Columbia University and will teach investments.

Mr. Nash, executive vice-president of the Bloomfield (N. J.) Savings Institution is a graduate of Princeton University and formerly was associated with the Bankers Trust Company of New York City. He has served on numerous committees of both the American Bankers Association and the New Jersey Bankers Association.

(Continued on page 39)

New G.S.B. Faculty Members

R. W. Bachelor



H. E. Zarker



Arthur Jansen



Graham Nash



Spring Meeting

The Executive Council of the American Bankers Association holds its annual Spring meeting in Chicago, April 16-19. Reports on the work of the many A.B.A. councils, commissions, committees and other groups will be presented. The Council, which is the Association's governing body, meets at the Stevens Hotel with President A. L. M. Wiggins presiding.

A.B.A. Urges Senate to Consider Murray Bill

Says Claims Facilities Are Needed Now

Immediate consideration of U. S. Senate Bill S. 1718, which provides machinery for the prompt settlement of claims arising from terminated war contracts, was urged as a means of avoiding post-war unemployment and inflation by the American Bankers Association in a letter addressed to Senator James E. Murray of Montana by A. L. M. Wiggins, A.B.A. president. The bill was introduced by Senator Murray and Senator Walter F. George of Georgia.

"The immediate settlement of claims arising from terminated war contracts is absolutely necessary if we are to avoid a major post-war unemployment problem, and a post-war consumer market so short of goods that serious inflation will be invited," said the letter.

"The unemployment phase is the major issue and of tremendous importance when we consider that it would occur at a time when service men are being returned to civilian life. It takes time to get a program such as that prescribed in S. 1718 implemented and operating. It is of the utmost importance that such a plan be

(Continued on page 39)

Paton's Digest Vol. 3 Expected Late in May

Important Legal Work Now in 4th Revision

The third volume of "Paton's Digest of Legal Opinions" is expected to be ready for delivery to subscribers by the end of May. The first volume of this edition was completed in 1940 and the second in 1942.

The first edition of "Paton's Digest of Legal Opinions" was published in 1919 during the tenure of the late Thomas B. Paton as general counsel of the American Bankers Association.

Thousands of legal opinions have been rendered by the Office of General Counsel of the Association since the last revision of the "Digest" in 1926, the most important of which are included in the three volumes of the fourth revision.

The "Digest" is a legal reference work containing opinions on every-day banking problems. More and more it is cited by the courts, for it contains authenticated opinions on questions of banking law and procedure, many of which have never before been passed upon by the courts.

This work is of unique interest and value to bankers and lawyers specializing in banking law because the opinions contained in the "Digest" are largely based upon the questions submitted by the banks and their legal counsel to the Office of the General Counsel for opinion.

G. S. B.'s 10th Year

(Continued from page 38)

tion. He is a member of the A.B.A.'s Committee on Federal Legislation, of its subcommittee on Mortgage Financing and Urban Housing, and of the committee on Real Estate Mortgages of the A.B.A.'s Savings Division. He will teach in the course on savings management and real estate financing. He is a graduate of the G.S.B. class of 1940.

Mr. Zarker, a graduate of the School, has been associated with the Armstrong Cork Co., the Fulton National Bank of Lan-

Modernization Loan Chart

The A.B.A. Consumer Credit Department announces that it has available, upon request, a chart showing the type of modernization loan that can be made under WPB, Regulation W, and FHA. Loans are divided into six classifications and analyzed from the standpoint of construction regulations, financing regulations, and the forms required.

Savings Conferences in New York, Cincinnati

Conferences on savings banking were held by the Savings Division of the American Bankers Association in New York on March 23 and in Cincinnati on March 29.

Fred F. Lawrence, Division president, presided at each, and A. L. M. Wiggins, Association president, spoke.

Three panel discussions featured the New York meeting. In the chair was H. R. Templeton, vice-president of the Cleveland Trust Company, Cleveland, and the subjects were "Post-War Home Building and Home Financing," "Service Charges and Savings Account Activity," and "The Legal Framework for the Investment of Savings."

An open forum and discussion on savings policy was on the program of the Cincinnati meeting.

caster, Pa., and the Princeton Bank and Trust Company of which he is now treasurer and general manager, in charge of the banking department. He joined the bank's staff in 1932.

New A.B.A. Ad Series

"The American Way" is the theme of a new series of 52 educational newspaper advertisements to be produced by the A.B.A. Advertising Department during the next year for the use of members.

A country bank merchandising series, including three folders, is now available.

Bankers Can Attend Training Classes for Contract Settlement

Bankers interested in the settlement of war production contracts have an opportunity to participate in training schools to be conducted for government negotiators and contractors, under the auspices of the Baruch report, says a letter sent to the secretaries of state bankers associations, by the American Bankers Association.

These schools are being held in every state and their classrooms are open to bankers. Their purpose is to acquaint all interested parties with the necessary steps to be taken on cancellation of war production contracts and to assure quick and fair settlements of government contracts.

State association secretaries were asked to ascertain from local Army and Navy procurement officers when and where the schools will be held in their states and to inform their members accordingly.

Murray Bill

(Continued from page 38)

functioning at an early date, if our economy is to avoid critical dislocation. Industry is desirous of arranging financing for post-war reconversion requirements now. That it have adequate machinery to accomplish this purpose is essential."

Referring to Senate Bill S. 1730, which also embraces the subject of contract termination settlement and goes beyond that to provide for the disposal of surplus war property, Mr. Wiggins said:

"While we appreciate that the disposal of government property and such related matters are of extreme importance, we are of the opinion that some statutory provision for the settlement of claims arising from terminated war contracts is the immediate need."

"In the interest of our whole economy, we urge the immediate consideration of S. 1718 and that other related matters covered in S. 1730 be taken up at an early subsequent date."

G.S.B. Alumni Hold 7th Reunion in New York

Annual Conference Has Discussions Program

The seventh reunion conference of The Graduate School of Banking of the American Bankers Association was scheduled for New York City on April 1, with all classes graduated since the first commencement in 1937 uniting with faculty members in discussions followed by a dinner.

In addition to the major courses given by the School in commercial banking, investments, savings management and real estate financing, and trusts, the curriculum includes courses in economics and banking and government.

At the conference Harry J. Ellis was on the program as leader of the commercial banking group in a discussion of post-war credit, other participants being Arthur J. Geoghegan, Walter E. Griesmeyer, Harold J. Marshall, and C. Henry Reinhardt, Jr.

Robert A. Barnet, I., and Norman P. McGrory, S. M., were the discussion leaders for the investment and savings management students who included Murray Olyphant and William R. White.

Herbert S. Crofts was the discussion leader in the trusts group, assisted by Austin W. Scott and Gilbert T. Stephen, son of the school faculty.

Stanley W. Black, Jr., 1942 class president, and Charles N. Christiansen, secretary, presided at the dinner meeting.

Credit Commission to Interpret New Law

The A.B.A. Credit Policy Commission, which is following two measures before Congress (S1718 and S1730) having to do with termination of war production contracts and facilitating new financing, announces that when either bill passes it will issue interpretative material for A.B.A. members.

The Commission's release will include suggestions for arranging post-war financing by banks.



1. National Postwar Conference in Atlantic City was attended by representatives of 16 national organizations

People You Know—Postwar Conference . . . Job Training . . . Reserve Presidents . . .



2. New York Chapter's (A.I.B.) Job Instructor Training panel

Spokesmen for organized industry, labor, agriculture, banking, transportation, commerce, public service and other interests responded to call of National Association of Manufacturers to attend the National Postwar Conference in Atlantic City. This group is shown in picture No. 1. Drs. Fred I. Kent and Paul F. Cadman, chairman and secretary, American Bankers Association's Commerce and Marine Commission, represented the A.B.A. (Further details on page 98.) . . . New York Chapter's (A.I.B.) Job Instructor Training panel in picture No. 2 — l. to r. Joseph G. Munz, Hamburg Savings Bank; Clifford Henze, Manufacturers Trust Company; Charles Krummel, Seamen's Bank for Savings; Edmund Flowers, Kings Highway Savings Bank; Robert Norwood, Central Hanover Bank & Trust Company; William Powers, director, A.B.A. Consumer and Personnel Relations Department, instructor; G. S. Henninger, Irving Trust Company; C. W. Schwer, Chase National Bank; E. H. Duncklemann, Public National Bank & Trust Company; and J. J. Carroll, Federal Reserve Bank. . . . Twelve Federal Reserve banks were represented at presidents' conference in Cleveland. In picture No. 3, l. to r., seated, Matthew J. Fleming, Cleveland; Allan Sproul, New York; Hugh Leach, Richmond; Alfred H. Williams, Philadelphia; and C. S. Young, Chicago; standing, Chester C. Davis, St. Louis; William S. McLarin, Jr., Atlanta; Ira Clerk, first vice-president, San Francisco bank; H. Gavin Leedy, Kansas City; John N. Peyton, Minneapolis; William W. Paddock, Boston; and Randle R. Gilbert, Dallas.

3. Federal Reserve Bank Presidents' Conference was held in Cleveland for the first time since System founding





1. Financial advertising members from New York, New Jersey, Pennsylvania, and New England at New York meeting

WEIMAN & LESTER

Financial Advertisers . . . Texas G. S. B. Alumni Organize . . . Public Relations

Q New York Financial Advertisers were hosts to Financial Advertisers Association at a regional conference in New York. NYFA and FAA members, in picture No. 1. . . . Q In picture No. 2, *l. to r.* NYFA President W. T. Wilson; FAA Vice-president S. P. Goodenough; FAA President L. F. Gordon; FAA Vice-presidents J. L. Lafferty and Dale Brown. . . . Q Graduate School of Banking organizers of Texas Alumni Association are shown in picture No. 3 — A. W. Austin, New York; E. B. Austin, J. F. Austin, Jr., R. P. Bennett, Houston; I. F. Betts, Shreveport; E. A. Chancellor, Dallas; A. B. Cox, Nacogdoches; J. R. Curtis, Jefferson; O. E. Davis, C. B. Durdin, Beaumont; W. D. Gentry, Dallas; C. W. Hamilton, Houston; Murray Kyger, Fort Worth; J. D. Larrabee, Houston; W. A. Lemke, San Antonio; D. L. McGowan, Houston; W. T. Mann, Dallas; A. W. McKenzie, Tyler; Ernest O'Hearn, Jr., D. T. Ray, Dallas; F. O. Shelton, Fort Worth; H. R. Smith, San Francisco; C. R. Spearman, San Antonio; Gilbert T. Stephenson (faculty), Wilmington, Del.; W. L. Tandy, L. H. Thomas, and J. S. Whitworth, Houston. . . . Q William H. Neal, vice-president, Wachovia Bank & Trust Co., Winston-Salem, N. C., and chairman A.B.A. Public Relations Council, was principal speaker at Poor Richard Club Financial Advertising Forum luncheon in Philadelphia. In picture No. 4, *l. to r.*, Mr. Neal; W. W. Delamater, assistant treasurer, Land Title Bank and Trust Company, forum chairman; and Peter L. Schauble, Poor Richard Club president



2. FAA and NYFA speakers at the New York conference

WEIMAN & LESTER

4. At Poor Richard Club Financial Advertising forum meeting

3. Texas Graduate School of Banking alumni organizing group



WASHINGTON

HERBERT BRATTER

ABSORPTION OF EXCHANGE

THE bill introduced by Representative Paul Brown of Georgia to clarify the legal status of exchange absorption by banks, having passed the House on March 2 now awaits Senate consideration. The Senate Banking and Currency Committee, which already had referred to it a companion measure introduced by Senator Maybank of South Carolina, is expected to take up the subject very cautiously.

The states with the greatest number of non-par banks are: Minnesota (with 420), Georgia (263), Mississippi (174), Tennessee (166), and Nebraska (154). To the 2,529 small banks which charge exchange, the practice yields an income of varying importance.

While to some banks exchange yields valuable income, the practice of exchange absorption is by other banks regarded as just a necessary nuisance. Basically, the scuffle over the proposed legislation seems to revolve to a great extent around the question of whether the administrative powers of Washington officials should be restrained by Congress; or whether they should be allowed to expand. Even among the members of the Board of Governors of the Federal Reserve System, it is said, opinion is divided as to the importance or unimportance of this one issue, which was crystallized by the Board's September 1943 interpretation of Regulation Q.

Arguments advanced in Congress in favor of the Board's September interpretation of Regulation Q and against the Brown bill include the following:

That absorption of exchange is used for the same purpose as payment of interest, and therefore contravenes the 1933 and 1935 banking acts.

That the Brown bill would emasculate this law.

Joseph D. Nunan, Jr., of Douglaston, New York (center), is sworn in as Commissioner of Internal Revenue by Secretary Morgenthau. At the right is New York's Senator Mead



That the Brown bill is unfair and discriminatory against small member banks, imposing on the latter the cost of a practice in which they cannot engage.

That enactment of the Brown bill would have adverse and far-reaching effects upon the Federal Reserve System, both in the number of member banks and in the perpetuation of par clearance.

That Congress since 1914 has favored par clearance. That the Brown bill protects a cumbersome, expensive, catch-as-catch-can collection system.

That exchange absorption has led to unsound results.

Some of the points offered by the FDIC and others in support of the Brown bill and against the Federal Reserve Board's September ruling include the following:

That exchange absorption is not payment of interest. That the Board's ruling is a direct blow at the dual banking system.

That country banks charging exchange need the earnings, and that Regulation Q is designed to force par clearance throughout the country in face of the fact that Congress has consistently refused so to legislate.

That discontinuance of exchange absorption would cause widespread disturbance of depositor relations with country banks.

That the cost of keeping the records called for by the Federal Reserve Board's ruling would be burdensome.

That Regulation Q as interpreted by the Board in September would force many banks to close and in this way would stimulate branch banking.

That the Brown bill is in the interest of small business.

TERMINATION AND RECONVERSION

SINCE publication of the Baruch report, limited progress has been made in carrying out its many recommendations. Meanwhile Mr. Baruch and his staff have been working on additional recommendations, the unfinished business including the possibility of company-wide settlement procedure, a standard termination article for subcontracts, a similar article for cost-plus-fixed-fee contracts, the direct settlement of subcontractors' claims, establishment of appeals and review procedure, and other matters.

Following publication of Baruch's recommendations, a Surplus War Property Board was set up with Will Clayton as chairman. Also, Brigadier General Frank T. Hines was given the post of Work Director. The WPB made preparations to collaborate with the other agencies concerned by setting up a special production readjustment committee.

On the Hill, the immediate response to the Baruch report was the introduction of S.1718 by Senators Walter F. George and James E. Murray jointly, followed by a second and much broader bill S.1730. These measures reflected the studies by Senator George's

MONEY ORDER BUSINESS

The increase in rates for postal money orders provided in the newly enacted Revenue Act of 1943 should throw some business to commercial banks. The 66 2/3 per cent hike in money order rates took effect March 26. A \$10 money order now costs 19 cents at the Post Office, instead of the former 11 cents. From \$10.01 to \$20 the rate is 22 cents, instead of the former 13 cents. Larger amounts cost proportionately more to send through the Post Office.

post-war committee and Senator Murray's Military Affairs war contracts subcommittee. They also reflected consultations between senators, Baruch, WPB, and the procurement agencies. S.1718 deals only with problems of contract termination. S.1730 deals with surplus property disposal, but includes the text of S.1718 as well. While there are good arguments for setting up an over-all legislative scheme for reconversion at the outset, the problem of contract termination is of itself so pressing as to warrant its separate and speedier handling by Congress. At this writing it appears that S.1718 will be separately handled.

S.1718, because of its financial features, has the support of the A.B.A. President Wiggins has written Senator Murray urging its speedy consideration, saying:

The immediate settlement of claims arising from terminated war contracts is absolutely necessary if we are to avoid a major post-war unemployment problem, and a post-war consumer market so short of goods that serious inflation will be invited. The unemployment phase is the major issue and of tremendous importance when we consider that it would occur at a time when service men are being returned to civilian life. It takes time to get a program such as that prescribed in S.1718 implemented and operating. It is of the utmost importance that such a plan be functioning at an early date, if our economy is to avoid critical dislocation.

Industry is desirous of arranging financing for post-war reconversion requirements now. That it have adequate machinery to accomplish this purpose is essential.

S.1718 contains badly needed authority for T-loans. The Baruch report stresses the importance of a new system of T-(termination) loans by local banks, with Government guarantees, to be available to all contractors, primes and subs.

PHYSICAL HANDLING OF THE DEBT

THE war has of course caused a tremendous increase in the work of the Treasury's Public Debt Service, as well as that of the Federal Reserve banks, commercial and savings banks, the Post Office, and others. The increase in paper work has been primarily in the handling of savings bonds. This is now done in Chicago. The major operation in Chicago is the establishment of registration records, through the use of the punch-card stubs attached to the savings bonds before the bonds are sold. The enormous volume of stubs created such a filing problem that microfilming had to be used.

Handling of redeemed bonds is the next big job at the Chicago office and the banking system. This job will

not end when War Loan drives end, but rather will grow. In 1943 more than 25,000,000 bonds were redeemed, and in 1944, it is estimated, 60,000,000 pieces will be redeemed.

Two other important tasks of the Chicago office are handling claims for lost, stolen and destroyed bonds, of which there were 50,000 last year, and settlement of bonds of deceased owners and other special cases, totaling 200,000 last year. As the amount of savings bonds outstanding grows, these two problems will multiply many times. Address changes run about 5,000 a month. The old-sized savings bond cost the Government 2.7 cents apiece to manufacture. Reduction in size of these bonds resulted in a reduction of the cost to about 1.7 cents per bond. There were corresponding savings in shipping and handling costs. Whereas 1,000,000 bonds formerly required 667 pouches equipped with special locks, now 400 pouches will carry them. The new bonds need not be folded—another saving. Discontinuance of the use of registered mail has also effected an economy, as has the elimination of an embossed seal on the bonds.

OPA DEVELOPMENTS

THE Office of Price Administration expects to benefit materially by the appointment to its staff of a banker to aid and advise banks in handling problems arising from ration banking. The banker, William F. Kurtz, president of the Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, will spend considerable time in Washington. For the first 60 days he will have the benefit of the full time collaboration of Louis J. Kroeger, OPA's assistant deputy administrator in charge of rationing.

OPA hopes that the banks will give the closest possible cooperation in the campaign against the very serious black market in gasoline. Gasoline distributors would like their ration bankers to watch for counterfeit coupons.

Secretary of War Stimson, second from right, appearing before the House Foreign Affairs Committee, joined other Administration leaders in recommending extension of the Lend-Lease Act for another year. Others in the group are, left to right, Representative Eaton of New Jersey, committee member; Leo Crowley, Foreign Economic Administrator; and Representative Sol Bloom of New York, committee head



INTERNATIONAL

State Association Activities

Staff Changes

MRS. MILDRED STARRING, acting secretary of the SOUTH DAKOTA BANKERS ASSOCIATION, resigned March 1 to join her husband, former secretary George Starring, now in the Armed Forces. Mrs. Lois Halvorsen will assume the vacated office.

Donald A. Moore, secretary-treasurer, Ontario Trust Company, Canandaigua, was recently appointed assistant secretary of the NEW YORK STATE BANKERS ASSOCIATION. He is an alumnus of The Graduate School of Banking.

Banking Code

WISCONSIN BANKERS ASSOCIATION recently organized a Banking Code Advisory Committee to cooperate with the banking commission in drafting a revision of the state banking statutes. W. J. Tesch, president, Lincoln County Bank, Merrill, heads the committee.

Coincidence

The magazine *Look* devoted several pages of a recent issue to an outline of a proposed anti-spend, pro-save promotional campaign, based upon some three months' research with the aid of some national experts. The editors were impressed when later shown how closely the proposed program resembles the cooperative advertising campaign sponsored by the NEW YORK STATE SAVINGS BANKS ASSOCIATION, which has been active for the past two years.

Crime Prevention

THE COMMITTEE on Crime Prevention, ILLINOIS BANKERS ASSOCIATION, recently mailed to each member bank a memorandum of its recommendations, with the request that management officers take appropriate action. These recommendations particularly suggested that some one person in each bank in the state be charged with the responsibility of checking up on the crime prevention facilities of his bank.

Insurance

THE COMMITTEE on Insurance, CALIFORNIA BANKERS ASSOCIATION, recently issued a bulletin suggesting that member banks survey their coverage in the light of current wartime conditions. The proposal carried specific notes on various types of insurance most likely to require study now. They include: blanket bond coverage, deductible forgery, safe deposit liability, war damage, registered mail, fire, rental income (trust properties in particular), commercial loans, securities in custody, and others.

The proposal suggests a practical way of reducing clerical and administrative work and thus gaining more effective control over insurance by (a) consolidating coverages where possible; (b) reducing the number of policies covering a given exposure; (c) establishing one annual maturity date for all policies; and (d) wherever possible, using blanket and schedule policies in lieu of specific policies.

Headache Checks

THE CAMPAIGN for standardization, simplification and sanity in printed check forms gains momentum as state associations appeal for member cooperation. Action is taking tangible form. For example, a special committee of the WASHINGTON BANKERS ASSOCIATION is preparing a brochure which member banks may circulate among their customers, printers and lithographers, appealing for conformation to the national standards. After all, says their bulletin, a bank has and should exercise the right to say what kind of instruments it will accept and need not waste time trying to solve the conjurers' puzzles received daily. This subject is covered in A.B.A. Bank Management Bulletin No. 103.

Advertising

ADVERTISE now for instalment loan business is the recommendation of the Consumer Credit Commission of the MASSACHUSETTS BANKERS ASSOCIATION. Although little, if any, business may be available at this point, the commission urges the desirability of keeping the bank name before the public in anticipation of future demands. The report contains suggested slogans and copy angles. However, the commission feels that each individual bank should arrange its own copy and select its own media and schedules.

What to Sell?

THE PUBLIC Relations Committee, MISSOURI BANKERS ASSOCIATION, suggests that banks compile a list of current services and publicize it at every opportunity. No less than 56 regular and wartime banking services were listed in the committee bulletin as a guide to compiling the service directory.

Contest

THE VICTORY EGG Contest, sponsored by the North Carolina Bankers Association for Future Farmers of America, enrolled a high percentage of the state's 8,000 members who manage some half million chickens. Individual contestants, working under the close supervision of their vocational teachers, were required to keep accurate records throughout the contest period. They were required to place special emphasis on breeding, feeding, sanitation and management. Vocational teachers report that as a direct result of the contest students spent many spare hours seeking information and advice on how to build their production into the prize-winning class.

Elects

DANIEL T. ROWE, president, Kings Highway Savings Bank, Brooklyn, and Charles Diehl, executive vice-president, Empire City Savings Bank, New York City, were re-elected chairman and vice-chairman, respectively, of the SAVINGS BANKS RETIREMENT SYSTEM at its recent annual meeting. Trustees report assets of \$490,000 and participation of 27 member banks with 880 participating employees.

The Country Banker

MEMBERS of the Commission on Country Bank Operations met in Chicago late in February to enable the Commission's four committees to review their work, submit their conclusions and plan new activities. K. J. McDonald, president of the Iowa Trust and Savings Bank, Estherville, Iowa, and chairman of the Commission, presided.

The meeting was held concurrently with the completion of the Commission's first major project, the merchandising manual, "The Home Front." The committee in charge of this work reported that the publication had been greeted with great enthusiasm by bankers in every section of the country. Hundreds of letters have been received, congratulating the Commission and those responsible for the production of the book for such timely and valuable information.

Too, banks were quick to respond to the Commission's offer to provide supplementary material, including statistics on local PCA competition, a state breakdown of the farmer poll of opinion, specimen newspaper ads, and suggested talks suitable for country bank use.

Many banks ordered extra copies of the manual for distribution to their directors and stockholders. One banker, in placing his order, declared: "This is the best medium I have ever encountered to show our directors and people what we are up against and make them appreciate our problem. Too, it will help educate them toward an understanding of the kind of active program that I want to get started in my bank."

"The Home Front" Committee reported that the officers of many state bankers associations had urged local banking groups in their territory to build local meetings around the book. The Public Relations Committee of the State Association Section recommended the use of county meetings as the most effective means of obtaining local understanding and application of the policies, plans and procedures outlined in the manual. In addition, it suggested that staff meetings be held to discuss the book and determine which of its merchandising methods were most adaptable to local use.

The Commission was informed that a copy of the manual had been sent to the heads of all supervisory agencies and many of them had replied, declaring that they would do everything possible to urge banks in their

Agricultural News Bulletin

A joint bulletin just issued by the Subcommittee on Agricultural Credit of the Federal Legislative Committee, Food-for-Freedom Committee and Agricultural Commission and sent to all A.B.A. members summarizes briefly, among other things, the important progress of banks in their fight against subsidized government competition.

Here are the principal topics discussed: Cooley report on FSA; A.B.A. program of Food-for-Freedom; Production Credit Associations; income taxes; restricted RACC lending in 1944; farm machinery; subsidy to Federal Land Bank borrowers; farm land prices; "The Home Front" manual; and advertising material available for country bank use.

jurisdiction to make use of the programs set forth in the manual.

The Cost Analysis Committee reported that it had completed its study of cost systems and was now refining the plan agreed upon before undertaking a nationwide study that would produce cost yardsticks for representative banks in the country banking field.

The committee studying government bond portfolios for country banks came to definite conclusions regarding the type of recommendations to make and is now writing its first report.

The Bank Studies Committee which was reviewing all A.B.A. publications in order to screen out material suitable for country bank use reported that it completed its work, and its findings will be published from time to time in news letters issued by the Commission.

The Commission devoted considerable time to a discussion of post-war planning and adopted a resolution urging country banks to participate in local post-war programs now being developed by hundreds of communities. Hugh H. McGee, vice-president, Bankers Trust Company, New York, and chairman of the Credit Policy Commission, addressed the meeting and explained some of the credit problems of the post-war era.



Members of A.B.A. Subcommittee on Agricultural Credit of the Committee on Federal Legislation meeting in Washington to review status of legislation relating to country bank problems—*l. to r., around table*, A. G. Brown, John H. Crocker, Edgar McBride, Charles T. O'Neill, chairman; John N. Thompson, and Ben S. Summerwill. Also attending but not shown in picture: Edmund W. Thomas and Otis A. Thompson

New RACC Loan Areas

SINCE reporting the Regional Agricultural Credit Corporation's 1944 program in March **BANKING** (page 45), the American Bankers Association has been notified that additional areas have been designated for RACC loans, as follows:

State of Idaho—to finance production of turkeys, peas, beans, and potatoes.

State of Minnesota—to finance production of turkeys, eggs, milk, soybeans, potatoes, flax, wheat, and feed for livestock.

Pershing, Lyon and Washoe counties in Nevada—to finance production of turkeys, eggs, and potatoes.

State of New Mexico—to finance production of crops, turkeys, eggs, and milk.

Twenty-two counties in South Dakota—to finance production of potatoes, flax, and soybeans in counties designated, and finance feed for livestock in entire state.

Box Elder, Cache, Garfield, Juab, Millard and Weber counties in Utah—to finance production of crops, turkeys, milk and eggs.

Nine counties in Wyoming—to finance production of turkeys, dry beans, potatoes, canning vegetables, seed peas, and seed beans.

States where RAAC survey indicates that no supplementary credit is needed at present: Alabama, Arizona, Connecticut, Georgia, Florida, Illinois, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Montana, North Carolina, Ohio, Oregon, Rhode Island, South Carolina, Vermont and West Virginia.

Regional War Finance Meetings

SIX members of the A.B.A. Food-for-Freedom Committee and Agricultural Commission were invited to attend five regional meetings of the War Finance Division of the Treasury Department during March in Chicago, Denver, San Francisco, New Orleans and New York City, to develop a more effective program to promote the sale of War Bonds to farm people. Several farm group representatives were invited to take part in these discussions.

The A.B.A. representatives were: Warren Garst of Jefferson, Ia., R. N. Downie, Garden City, Kans., T. B. Garrison, Oakland, Ore., J. P. Culpepper of Alapaha, Ga., E. L. Boston of Angleton, Tex., and Otis A. Thompson, Norwich, N. Y.

MOFFETT



and outlined plans that are being made to meet them.

The Commission authorized an immediate survey of service charge formulas, believing that in this way it can provide needed assistance to many banks that are seeking a practical, simple service charge schedule. This work will be undertaken by a special committee which will operate in cooperation with the Bank Management Commission.

A special resolution, congratulating President A. L. M. Wiggins on his leadership in the country bank field and his service in behalf of country banks, was adopted.

WORKING committees of the Commission as reorganized at the Chicago meeting are as follows:

Government Bond Portfolios—John B. Sloan, president, The County Bank, Greenwood, South Carolina, chairman; R. L. Eberhardt, executive vice-president, Stockton Savings & Loan Bank, Stockton, California; Howard Hambleton, vice-president, Citizens National Bank, Waxahachie, Texas; B. M. Harris, president, Yellowstone Bank, Columbus, Montana.

Service Charges—R. A. Bezoier, vice-president and cashier, First National Bank, Rochester, Minnesota, chairman; T. E. Burch, president, Security State Bank, Wewoka, Oklahoma; Eddie Pacot, executive vice-president, Stockmen's Bank, Gillette, Wyoming; C. D. Tedrow, president, Citizens First National Bank, Princeton, Illinois.

Costs—S. N. Schafer, president, First National Bank, Fort Atkinson, Wisconsin, chairman; Clyde D. Harris, president, First National Bank, Cape Girardeau, Missouri; William C. Rempfer, cashier, First National Bank, Parkston, South Dakota.

Home Front—Claude F. Pack, president, Home State Bank, Kansas City, Kansas, chairman; Glenn L. Emmons, president, First State Bank, Gallup, New Mexico; C. C. Neumann, executive vice-president, Farmers & Merchants National Bank, Oakland, Nebraska; R. B. Stewart, president, The Miami Deposit Bank, Yellow Springs, Ohio.

Lunchtime during meeting of the Commission on Country Bank Operations in Chicago on February 22. Around the table, *l. to r.*, Messrs. Drew, Bezoier, Kuhns, Pacot, Hambleton, Schafer, Tedrow, Mack, Neumann, Gibson, (Clyde) Harris, McGee, McDonald, Stucker, Rempfer, Burch, Hetzel, Miller, Eberhardt, Emmons, (B. M.) Harris, Sloan, Stewart, and Pack.

“Farmers’ Home Corporation”

A SUBCOMMITTEE of the House of Representatives Agricultural Committee, which has conducted a 10-month investigation into the affairs of the Farm Security Administration, embodied its recommendation in H. R. 4384, providing for the abolition of the FSA along with the Regional Agricultural Credit Administration and the Emergency Crop and Feed Loan Administration and the transfer of the assets of these agencies to a rejuvenated Farmers’ Home Corporation within the Department of Agriculture.

Representative Harold D. Cooley (D., N. C.) is chairman of the subcommittee fathering “the Farmers’ Home Corporation Act of 1944.” The principal provisions of this new bill provide:

(1) *Abolition of the FSA, RACC and the crop and feed loans, and transfer of assets and necessary personnel to the Farmers’ Home Corporation.*

(2) *Accounting procedure:* Loan collections to be turned into a revolving fund rather than direct to the Treasury, making it unnecessary to go to Congress for loan funds.

(3) *Administrative set-up:* Establishment of Farmers’ Home Corporation in the Department of Agriculture. The Secretary of Agriculture would have authority to select corporation officers — the president, vice-president, secretary-treasurer — who will constitute its board of directors. Officers to serve at pleasure of Secretary at salaries not to exceed \$10,000 a year.

IN EACH county the corporation shall appoint a committee of three, two members to be bona fide farmers. Compensation of committee members is to be \$5 a day, plus traveling and subsistence expenses, with the corporation determining the number of days that the committees shall serve each month and the duties to be performed by them.

(4) *Loans:* Two types of loans are provided for: (a) Rural credit or short term loans, which will include rehabilitation, RACC and Seed and Feed loans; (b) farm tenant purchase real estate loans.

Under both types of loans, applicant is required to certify he is eligible for the credit and that he could carry out the undertaking. He is also required to certify that he is unable to obtain credit at reasonable rates and upon reasonable terms from commercial banks, other private lending agencies, or any other source. There is no standard set-up as to the tests of reasonable rates or reasonable terms unless the provisions of the bill itself are the standard; namely, 5 per cent interest on rural credit loans, 4 per cent interest on real estate loans. The tenure of the rural credit loans is five years and on the real estate loans is 40 years.

(5) *Purposes of loans:* (a) Purchase of livestock; (b) purchase of farm equipment and supplies; (c) other farm needs; (d) refinancing of indebtedness; and (e) family subsistence.

(6) *Limitations of loans:* The initial amount of loan to any one borrower could not exceed \$2,500, and the

aggregate amount outstanding to any borrower at any time could not exceed \$3,500, exclusive of interest; provided, that the term of any such loan, including renewals and extensions, did not exceed five years from the date the loan was originally made.

No loans shall be made to cooperatives; however, individual farmers would not be prohibited from using the proceeds of loans to purchase stock of a membership interest in cooperatives.

(7) *Purchase and discount of loans:* The corporation is authorized to purchase or discount notes made by persons eligible to borrow from the corporation. For example, if a farmer owed a bank \$1,000 and needed an additional \$500 which the bank could not loan him, he could go to the Farmers’ Home Corporation and it could buy his note from the bank and loan him the additional amount.

(8) *Tenant purchase loans:* The Bankhead-Jones Farm Tenant Act is amended to except veterans of foreign wars from eligibility requirements, limiting loans to persons whose major income is from farming operations. In other words, veterans only need to express a desire to engage in farming as a principal occupation in order to be eligible to secure a farm tenant loan.

(9) *Mortgage insurance fund:* “A farm tenant mortgage insurance fund” of \$10,000,000 — transferred from RACC — is set up to enable the corporation to insure and to make commitments for insurance on eligible mortgages. Banks and other lenders can avail themselves of the benefits of the insurance or guaranty; they would have to agree to accept such benefits in lieu of any right of foreclosure and any right to a deficiency judgment against the mortgagor.

(10) *Terms of farm tenant loans:* Principal obligation shall not exceed 90 per cent of the farm value; rate 4 per cent to the borrower; term 40 years. In case of insured mortgages, $\frac{1}{2}$ per cent of the mortgagor’s payment goes into the insurance fund and $\frac{1}{2}$ per cent to pay the administrative expense of the insurance fund.

(11) *Other limitations:* Rural credit or short-term loans may not be made to exceed \$125,000,000 in the aggregate in any one year. This is less than the total loans of \$170,000,000 made by FSA, RACC and Seed and Feed in the last fiscal year.

All farm-tenant mortgages accepted for account of the insurance fund shall not exceed \$50,000,000.

An appropriation of \$50,000,000 is authorized for each fiscal year, beginning June 30, 1945, for tenant purchase loans. If the need is greater, the corporation will have to ask Congress for authority.

(12) *Consolidation of agricultural credit and service offices:* The Secretary of Agriculture and the governor of the Farm Credit Administration are authorized and directed, wherever practicable, to consolidate field offices under their supervision or direction “extending agricultural credit or furnishing agricultural services to farmers.”

Action on the Home Front

J. P. McEVOY

J. P. McEVOY, *Roving Editor of the Reader's Digest, was roving in Tennessee not long ago. In Clarksville he talked with C. W. BAILEY, president of the First National Bank, the man who is directing the work of the Food-for-Freedom Committee of the American Bankers Association. What Mr. McEVOY heard in Clarksville convinced him of the supreme importance of the banker in the development of a community's agriculture and, with this as his theme, he wrote this article for BANKING. The fact that the bankers' program for greater farm output in 1944 is already in full swing enhances the timely interest of this story.*

IN Tennessee you hear a lot about the resourcefulness of C. W. (Bill) Bailey, president of the First National Bank of Clarksville. And you can understand why, because he is a good example of what country bankers can do for their communities when they use their resources and resourcefulness.

What does Banker Bailey do that is different? Where did he get the idea? He will tell you that an old farmer rocking on his porch changed his whole viewpoint about country banking—and incidentally revolutionized the agricultural economy of that part of Tennessee known as the "dark-fired tobacco" belt.

For more than a hundred years the rolling red fields of Montgomery County, Tennessee, were planted to a strong tobacco used almost entirely for snuff in this country. Huge hogsheads of it were exported to Europe, where the Italians rolled it into man-killing stogies, and the Germans, Spanish and Dutch rammed it in their pipes and smoked it with Herculean relish. It gets its name from the method of curing, a slow mellowing process as the tobacco leaves hang high in dark barns over

wood fires that smoulder for weeks on end. The stubborn single-cropping of this heavy-feeding plant was devastating the soil and impoverishing the farmers who raised it.

Now Bailey had worked up from a junior clerk to the presidency of Clarksville's First National Bank, and through the years had acquired the habit of sending out letters and circulars filled with what he considered sound advice for his farmer clients. But either they didn't take his advice or the advice wasn't good, because conditions steadily deteriorated—and so did the bank.

ONE day Bailey, driving around the countryside, stopped at a farm house. The old farmer, rocking on his porch, invited him to come up and sit a spell. "I want to talk to you," said the farmer to the banker. "I've been readin' what you've been sayin' all these years and now I want you to listen to me."

Bailey listened, politely at first, then respectfully. "The farmers around here have forgotten how to farm," said the old timer. "More than a hundred years we've been growin' dark-fired tobacco, and because there are only a few places it will grow, and this is one of them, we used to make a lot of money.

"The farmers go right on plantin' tobacco—nothin' but tobacco," continued the old timer. "And you go on encouragin' them—lendin' 'em money to do it when you should be tellin' 'em about the Four Pillars."

"The what?" asked Bailey.

"The Four Pillars," said the old farmer. "Four crops for the four seasons. Tobacco to sell in the late winter, lambs to market in the spring, wheat ready to harvest in July, and cattle in the fall. That's the way our fathers

A meeting of the A.B.A. Food-for-Freedom Committee in St. Louis planned the 1944 program



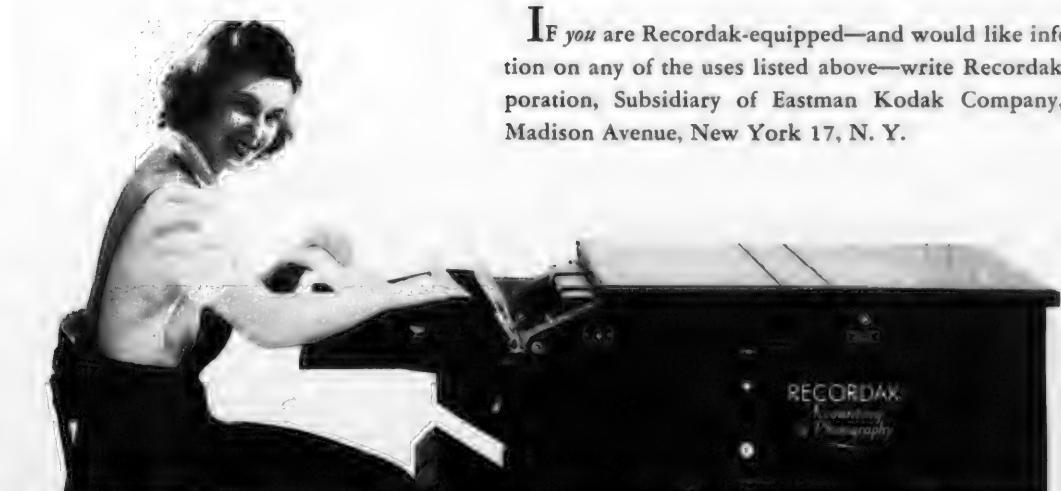
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Action on the Home Front

(CONTINUED FROM PAGE 48)

farmed around here before we started makin' so much money out of tobacco that we got greedy and forgot nature, forgot how to farm so we'd have somethin' to eat and somethin' to sell all year 'round. That's how my own father farmed and that's what he always said: 'God gave us four seasons—for *four crops*.' Those are the 'Four Pillars.'

Banker Bailey went home that night and pondered. A few days later those on his mailing list received a letter explaining in homely language the "Four Pillars of Income" theory.

Farmers are proverbially conservative, and Montgomery County farmers were no exception. They scoffed at the idea of raising sheep and assured Bailey it couldn't be done—not in that region. Making some investigations, Bailey learned that in a nearby Kentucky county, which has soil and climate similar to Montgomery's, the farmers grazed 58,000 sheep and received \$1,000,000 a year for lambs and wool. And this county was much smaller than Montgomery.

The scoffers were impressed, and Bailey followed up. Organizing an auto cavalcade of 63 Montgomery County farmers, he led them over the border to Kentucky and let them see what they could do by showing them what was being done. They came home converted. But where would they get the money to go into the sheep-raising business?

Bailey had the answer to that, too. He would provide the financial backing. What was equally important, he would also provide the know-how. Enthusiasm would not be enough; these farmer-customers of his would need expert guidance in their new endeavors if they were to be good bank risks. So Bailey staffed his bank with go-see officers—men with practical experience in every department of this diversified farming program.

A FOLKSY letter to the farmers, entitled "Twenty-five Ewes and a Ram," told about these experts and helped sell the idea. And when Bailey brought in a shipment of 2,000 cross-bred yearling ewes which he had purchased in Montana the farmers came from miles around to buy their "Twenty-five Ewes and a Ram." Those who couldn't pay cash were financed by Bailey, who loaned them nearly \$20,000 on notes in the first few days. In this way he laid the foundation for the second of the "Four Pillars of Income"—a cash crop of meat and wool for the late Spring and early Summer. Within five years 30,000 sheep were grazing in Montgomery County.

Meanwhile Bailey had set up several demonstration stock farms, with experts in charge to advise the farmers. The bank bought 50 pure-bred Hereford bulls from Oklahoma and loaned them out to Montgomery farmers free of charge, on condition that they give their neighbors the service of these bulls free. At the end of two years the farmers had the option to buy the bulls for themselves or return them to the bank. Most of them bought the bulls, but not before a puzzled bank examiner, in going over the books of the First National Bank, found 50 bulls under "Current Assets." The bank examiner pointed out that a bank could not technically carry

bulls on its books. "But we own the bulls," said Bailey "and bulls are assets." The examiner had a sense of humor. When he left for the day Bailey found he had changed the item to read "Bulls Receivable."

Bailey's "Cow-and-Calf" program caught on, and today practically every farmer owns a small herd furnishing milk and butter for the table, and calves to be marketed in the Fall. The bank sent out circulars on how to fence sheep pastures against dogs, how to make the best pastures, how to conserve the soil and "cover up the ground for Winter."

The wheat yield was down to 10 bushels an acre when Bailey started his "Four Pillars" campaign. It has climbed up to 40 bushels.

As the cattle increased, the marketing problem was met and solved. At first the farmers had to ship or truck their calves, sheep and pigs 26 miles away to Hopkinsville, Kentucky. Bailey thought they should be able to sell their produce at home. He backed the local Chamber of Commerce in promoting a community-owned stockyard, where, in the first six months of 1943, \$750,000 worth of cattle were sold. Now every Wednesday is auction day in Clarksville. The farmers and their families flock to town, many of them with a calf or a few pigs bouncing in the back of the family jalopy. They can get as much at home as they would as far away as Nashville; and the money Pa collects at the auction, Ma takes over to the local stores to pay old accounts or make new purchases. As one merchant put it, "Now we have two Saturdays a week."

Bailey made two movies to spread his gospel. The first, which ran for an hour, carried the un-Hollywoodish title of "Sheep in the Clarksville Trading Area," but that didn't prevent it from drawing crowds wherever it was shown in churches and schools, all over Montgomery County. Later Bailey dramatized "The Four Pillars" in a super-movie in full color that ran for an hour and a half. The bank officials themselves made this picture with hand cameras, starring well known farmer-neighbors. The entire film, which cost less than \$1,500, unrolls a colorful dramatic symphony of the Four Seasons. It demonstrates step by step how to grow better tobacco, finer cattle, more abundant wheat, and how to conserve and build up the soil. Bailey estimates that more than 15,000 farmers and their families saw the picture in nearly a hundred showings.

BAILEY has built up his community by lending money liberally but judiciously. His credit information system is considered a miracle by other bankers. He tells bankers' meetings that the country banker must know three things: the people of his community, what the land can produce, and what the market is for the products.

Bailey has a complete record on each of the 7,500 farmers in his trading area. This file is so accurate that a farmer can come in and get a definite "yes" or "no" on his application for a loan within five minutes.

Bailey points out that any country banker can do what he does: list all the land owners in his community from the tax records, break this list down into districts, consult at least two men in each district as to the stand-

(CONTINUED ON PAGE 99)

Cancelled war contracts may offer fine loan opportunities

ON LOANS where you have been participating with the Government in the financing of war production, are you finding that the cancellation of a war contract often leaves the contractor with a heavy inventory of raw materials? This inventory might well be used in reconverting to current or post-war requirements, but may be too valuable for the contractor to carry without the assistance of your bank. Through Lawrence System of Field Warehousing you can help him carry this inventory by arranging for warehouse receipts to be issued against the inventory right where it stands—in his plant.

LAWRENCE SYSTEM can assist in another service you can offer war contractors who are anxious to reconvert to more normal production. As many materials are now more available, these contractors can be aided in building up *new* inventories through the use of Lawrence System field warehouse receipts.

NOW IS THE TIME to review your accounts who are faced with the cancellation of war contracts. Your extra service now may mean that you will continue to do a profitable business with them in the future.

THE LAWRENCE WAREHOUSE COMPANY'S representatives in the various cities listed below are experienced in their handling of inventory loans. They will be pleased to cooperate with you in determining the practicability of using field warehousing in any specific problem you may have. Phone or write your nearest office today.

LAWRENCE SYSTEM *field warehousing*
FOR BANK LOANS AGAINST INVENTORY



New York: 72 Wall St • Chicago: 1 No. LaSalle St • San Francisco: 37 Drumm St • Los Angeles: W.P. Story Bldg.
Buffalo • Boston • Philadelphia • Kansas City • St. Louis • New Orleans • Charlotte, N.C. • Jacksonville, Fla.
Minneapolis • Dallas • Houston • Denver • Fresno • Portland, Oregon • Seattle • Spokane • Honolulu

Merchandising Country Bank Services

Contents

"WHEN going into a community where our bank is not well known, it has been our custom to engage the services of the leading and most popular farmer in that community to accompany our officer," says Clyde Harris, president, FIRST NATIONAL BANK, Cape Girardeau, Missouri. "In this way we are able to get an introduction to farmers whom we would not otherwise meet. In self-contained communities, it is next to impossible for a 'stranger' to gain an interview, especially if he looks as though he might have something to sell."

Reprint

THE CENTRAL NATIONAL BANK, Greencastle, Indiana, circulated among local farmers reprints of a *Saturday Evening Post* article, "Jobs for Half a Million," by John Bird. The story of the job done by skilled soil doctors in Lincoln County, Oklahoma, is one much like that of any rural county in the bread, butter and meat midlands of the United States; in fact, the bank stressed this point in an accompanying letter as endorsing, in part, the program of soil conservation it had recommended for many years. The letter also called attention to the advantages of organizing a soil conservation district as described in the article, and on which a group of local landowners are presently working.

Gardening

GEORGE G. STONE, assistant cashier, FIRST NATIONAL BANK of Pomona, California, describes an employee activity that paid dividends: "Last Spring, the First National Victory Garden Club was formed by the staff and a large amount of produce was raised on two acres of farm land close to the town. Irrigation is essential here and each week during the growing season, some of our folks were on the job running water, cultivating and weeding. The bountiful harvest was divided among the staff, while some 2,500 pounds of potatoes and an extra two tons of carrots were sold to a local restaurant."

The time is here for doing the spade work for this type of employee relations.

Educational Series

THE SECURITY STATE BANK, Cheyenne, Oklahoma, has done an outstanding job through newspaper advertising in support of local soil conservation efforts. Its original education series was adopted by the Soil Conservation Service of Fort Worth, Texas, and reprinted in booklet form for distribution to four neighboring state districts.

The bank's current series talks about the need for individual soil inventories and about the results of field and laboratory experiments conducted at the near-by Experiment Station, and other timely subjects.

Farm Values

A PRELIMINARY report by the Research and Statistics Department, FEDERAL RESERVE BANK, Chicago, indicates that land values, as reflected by sales prices, ad-

vanced 3 per cent during the fourth quarter of 1943 in agricultural areas of the Seventh Reserve District. Speculative buying (speculators who will hold only a short time) accounted for only 4 per cent of the purchases during the quarter, compared to 10 per cent reported in the previous quarter. Purchases by "city investors who will not operate" the farms made up an estimated 27 per cent of farms sold. The balance was evenly divided between "farmers who were tenants" and "land owners adding to holdings."

Practical Instruction

THROUGH the local chamber of commerce and with the assistance of the State College Agricultural Extension Service, the two banks of Yankton, South Carolina, helped relieve two pressing farm problems some time back. On one occasion, a weed control meeting was held in a badly infested rye field and control demonstrations were given to hundreds of farmers. At another time, 300 farmers of the Yankton area were enrolled in a farm machinery repair clinic, where welding and other demonstrations were given.

(CONTINUED ON PAGE 54)



Instructor demonstrates the technique of welding to Yankton farmers attending a farm machinery repair clinic last Fall



Farmers in background were interested spectators at the weed control demonstrations held at Yankton under bank guidance



Douglas Fir Plywood -- the ideal construction material for every type of post-war home

Cuts Building Time and Cost:

Builders work with smaller crews, save time and labor in many construction details. Houses Dri-Bilt with Douglas Fir Plywood are often completed six weeks sooner than the same type house built with other materials.

Better, More Attractive Homes:

Houses Dri-Bilt with Douglas Fir Plywood are superior in many ways. Exterior walls are 40% more rigid—dust-tight and wind-proof. The home is more modern in appearance, too—more attractive and more saleable. Buyers really like them!



Long Life Assures Safe Investment:

Homes Dri-Bilt with Douglas Fir Plywood will pass the "20-year test"—and more. This miracle wood is suitable for all types of homes, large or small. It's accepted by F.H.A. and approved in the Uniform Building Code.

Above: Attractive, modern, appealing! Homes Dri-Bilt with Plywood have excellent resale value.

Left: Interiors finished in Plywood are beautifully modern, too. Simple—attractive—buyer-approved.

Douglas Fir Plywood is now available only for essential war use. After Victory, this Miracle Wood will serve you in countless new ways.

Douglas Fir Plywood
Association
Tacoma 2, Washington

**DOUGLAS FIR
PLYWOOD**
•
Real Lumber
MADE LARGER, LIGHTER
SPLIT-PROOF
STRONGER

MERCHANDISING—Continued

EARLY FERTILIZER ORDERS SOUGHT

EMPHASIS is still being given by the War Food Administration to the need for immediate ordering of fertilizer by farmers and acceptance of early delivery.

Five to 10 per cent more fertilizer will be available in total tonnage during 1944 than in 1943, government reports show, with a definite prospect for more nitrogen and superphosphate, but a certainty of less potash.

Manpower shortages, both for manufacture and transportation, have made it imperative that as many farmers as possible get in their supplies now, according to WFA. Storage will present no problems, it is announced, if the sacked fertilizer is kept on a platform raised above the ground and protected from wind and weather. Covering with sacks, wagon sheets or other material is also advised.

Higher analysis fertilizers are being urged because reports show that while they cost more per 100 pounds than those of lower plant food content, the cost per pound of plant food is less. In addition, use of higher analysis fertilizer means fewer bags to be filled and handled, relieving transportation, packaging and storage problems.

Race Question

IN HIS remarks before the recent Georgia Bankers Association, David J. Arnold, vice-president, COMMERCIAL AND SAVINGS BANK, Griffin, Georgia, stated: "It will be better for us to find the solution to our population problem and lead the way, rather than have the Government step in and conduct a program of economic betterment and so-called social reform in the South.

"We can help solve the problem after the war by creating an incentive for the Negro to return to the farm. It is his natural occupation and with proper living conditions and proper farm education, we may have there the means of becoming a rich state in agriculture.

"Those who are worthy and thrifty should be encouraged to farm home ownership. The bankers can help the Negro farmer better his economic condition. Once we have properly adjusted the Negro's economic problem, there will be no social problem."

Corn Show

C. W. SIMPSON, assistant cashier, FIRST NATIONAL BANK, Zanesville, Ohio, reports a total of 99 exhibits at the bank's recent 12th annual corn show. Main feature of the event was a luncheon tendered by the bank for exhibitors and their guests at the local YMCA at which the show's judge, Dave F. Beard, extension agronomist of the Ohio State University, spoke. This affair is handled on a countywide basis and never fails to stimulate a big turnout for the cash, War Bond and ribbon prizes awarded by the bank.

Contest

IN A full-page advertisement in the *Hartsville Messenger*, president A. L. M. Wiggins of the American Bankers Association, and president of the BANK OF HARTSVILLE, South Carolina, recently announced the opening of an essay contest on soil conservation in the schools of the state, sponsored by the state bankers association. Some \$1,000 in prizes will be distributed in this effort to stimulate statewide interest in conserving and building up land values and crop production.

Hospitality

LOCATED in a small town of 1,600 population and drawing business from three rural counties, the FIRST NATIONAL BANK of New Bethlehem, Pennsylvania, believes that hospitality—the country brand—wins friends and customers. The latchstring is always out for the two comfortably furnished public rooms in the bank's basement. Civic and farm groups use them daily.

One room, 13' x 28', is accessible through the main bank lobby; the other, 32' x 46', has a separate entrance at the side of the building for use after banking hours, or in the evening. The larger room accommodates more than 100 persons, and is equipped with a piano, dining tables and an adjoining modern kitchen. Attractively decorated, the room has also been acoustically treated and is air conditioned.

The rooms and all equipment are available free of charge to any organization in the area, at any time. In the course of a year, as many as 120 meetings were held on the bank premises with a total 5,236 attendance.

The Rural Mail Carriers Association, Dairymen's League, United Farmers, Masonic Lodge, Lion's Club are among the regular users. The local business and professional club stages its monthly luncheons in the assembly room, town supervisors and the county agent use it as headquarters for committee meetings. The facilities are also in demand for victory garden meetings, church suppers, Red Cross instruction courses and War Bond rallies. Last month, the Pennsylvania Unemployment Bureau used the quarters for interviews and instructions.

(CONTINUED ON PAGE 56)

View of auditorium in the basement of the First National Bank of New Bethlehem, Pennsylvania, where farmers regularly meet



Report No. 4 on
HONESTY ENGINEERING
—a new idea in
Personnel Relations



THAT'S typical of how employers reply to inquiries about Honesty Engineering. It helps keep needed employees on your payroll by helping reduce the number who "go wrong" and misappropriate money, materials or merchandise. In one large wholesale organization, for example, this new Personnel-Protection Plan cut by 83% the average number of employees discharged for dishonesty.

Based on long experience, the U. S. F. & G. Personnel-Protection Plan not only insures you against financial loss through employee dishonesty

but: (1) discloses undesirable personnel and prevents waste in training; (2) applies tested methods that help keep good employees from going wrong; (3) helps employers eliminate leaks, pitfalls and careless acts that often lead to employee dishonesty.

Whether you have 10 employees or 10,000, your U. S. F. & G. agent will be glad to show you how the Personnel-Protection Plan helps you keep employees by keeping them honest. Consult him today.

Branch Offices in 43 Cities—Agents Everywhere

U. S. F. & G.
UNITED STATES FIDELITY & GUARANTY CO.
affiliate:
FIDELITY & GUARANTY FIRE CORPORATION
HOME OFFICES: BALTIMORE, MD.

Consult your insurance agent or broker



as you would your doctor or lawyer

MERCHANDISING—Continued

Seven Advantages

USING the time-saving box-holder method of postal distribution, the FARMERS NATIONAL BANK of Salem, Ohio, does a striking job of merchandising loans. The whole story is wrapped up in a package of seven advantages, which the bank believes will stand up against any and all competition from other sources. Here is the way they are presented:

- (1) Rates that save you money
- (2) No hidden charges to run up the cost
- (3) You get every penny of every dollar you borrow—no stock to buy
- (4) No "paper work" to puzzle over
- (5) No cut and dried payment plan—the terms are personal to YOU
- (6) Prompt action on your application by officers who are local men, with authority to make decisions
- (7) No interference with the operation of your farm.

Commencement

THE TIME draws near to think about the opportunities for goodwill in the closing of school activities for the year. T. G. O'Connor, president, O'CONNOR BROS. STATE BANK, Renville, Minnesota, has for many years presented an attractive autograph register and roster to the graduating classes and faculty of local schools. The booklet contains a printed roster of students and their teachers, space for autographs interspersed with appropriate quotations on opportunities and citizenship. Each student's name is engraved on the cover. "We feel," says Mr. O'Connor, "that the response to this gift has always been 100 per cent, and we know it has done a goodwill job."

Amortization

HOW TO WIN the farmer away from the old-fashioned, long term mortgage loan, with its small semi-annual amortization and interest building debt, was demonstrated recently by the STATE BANK of Chatham, New York. In a newspaper ad addressed to farmers, the bank presented a graphic comparison of borrowing costs under its recommended monthly amortized loan plan versus the so-called "33-year plan." A chart showed the 10-year progress of both plans on a \$3,000 loan, noting interest, principal payments and balances per year. The net result indicates obvious cash savings. Such examples, presented in black and white, are more convincing than all the arguments pro and con one can muster.

Country Banks Can Lend \$4.3 Billions

"PRESENT resources of your bank would permit the making of how much farm production loans in 1944?"

This question was included in a questionnaire recently sent to all banks in the United States by the Agricultural Commission of A.B.A. A preliminary tabulation of the estimates so far received shows that 3,750 banks could lend \$1,603,000,000 to farmers without borrowing from other banks or the Federal Reserve System.

These 3,750 sample banks, located in 43 states, had \$367,000,000 of farm production loans outstanding last

June, out of a total of \$980,000,000 of such loans in all banks in the United States. In other words, these banks from which estimates were obtained make about 37 per cent of the farm production loans made by all banks. Assuming that the banks with the other 63 per cent could expand their financing of agriculture in the same ratio, it appears that all banks in farming territories could lend at least \$4,300,000,000 to finance war crops, livestock, and other farm activities this year.

Additional Billions also Available

IT IS IMPORTANT to note this figure is a minimum figure, since it takes no account of the vast lending power available to country banks through rediscounting at the Reserve banks or at their city correspondents. Also, it takes little account of the special situation caused by branch banking in some states where, theoretically, a branch in the tiniest hamlet could lend a tremendous volume of funds, drawn from deposits at city branches of the system. Moreover, the estimates in most cases assume that only a part of a bank's loanable funds would go into farm production loans. If all excess reserves and if all potential borrowing power of country banks were included, it is conservatively estimated that they could lend from \$10 to \$20 billion to finance the nation's agriculture this year.

No Need for New Federal Lending

TO FIND that country banks could lend such vast sums to agricultural producers should dispel any lingering belief that government lending should be increased in order to insure production of needed food and fiber.

The following statistics show the amount of farm production loans outstanding on June 30, 1943 (with the exception of credit extended by dealers or by private individuals):

Commercial banks	\$ 980,000,000
Production Credit Associations	255,000,000
Livestock loan companies, etc. discounting at Federal Intermediate Credit Banks	41,000,000
* Regional Agricultural Credit Corporation	54,000,000
* Farm Security Administration	379,000,000
* Emergency Crop and Feed Loan Section, FCA	165,000,000
TOTAL	\$1,874,000,000

* These agencies now prohibited from lending if applicant able to obtain needed credit elsewhere.

IT IS EVIDENT from these figures that country banks have the capacity to supply several times as much credit as is used by all farmers. Evidence is also abundant that country banks are striving to employ their funds locally wherever possible, and that bankers are alive to the need of taking care of every farmer who can use credit effectively to produce things needed in the war effort.

The above facts were culled from a sampling of several thousand questionnaires submitted to the A.B.A. Agricultural Commission in connection with the "Thousand-Point Rating Program."

A Step Toward Simpler Taxes

HARRY F. HOWELL

MR. HOWELL is chairman of the Subcommittee on Research, American Institute of Accountants' Committee on Federal Taxation.

A MEANS of bringing to the Congress the assistance needed to achieve the much talked about simplification of the Federal tax system is now gaining general recognition. Briefly, it provides that a group of qualified persons shall be given the specific task of making recommendations for changes in the statutes, the regulations, the forms and the instructions to bring about this much desired result.

Three bills are pending in Congress which would set up such a group of qualified persons. H. J. Res. 211, introduced by Representative Frank Carlson (R, Kansas) and H. R. 4086, introduced by Representative Aime J. Forand (D, Rhode Island), although varying in specific details, both propose the establishment of a Federal tax commission charged with the duty of bringing in recommendations looking toward simplification of the tax system. H. J. Res. 233, introduced by Representative Harold Knutson (R, Minnesota) authorizes the Joint Congressional Committee on Internal Revenue Taxation to appoint an advisory council to assist in developing recommendations for simplification and coordination of the Federal tax system. This latter proposal is particularly gaining wide favor.

The use of a group of qualified persons to solve the problem of simplifying the tax laws is receiving the support of many leading groups. The American Institute of Accountants, at its annual meeting on October 19, adopted a resolution urging Congress to establish a non-partisan tax commission. They, together with the American Bar Association, the National Association of Credit Men, the National Association of Cost Accountants, and the New York State Chamber of Commerce, have all endorsed and supported the objectives of the pending legislative proposals.

BUT the attainment of these objectives will be a difficult, laborious and possibly a thankless task—thankless because of the sacrifice of equity or revenue consequent upon abandonment of the attempts to write a Federal tax law tailor-made to fit each taxpayer and his peculiar problems.

As Mr. Justice Jackson said in the recent Dobson case: "No other branch of the law touches human activities at so many points. It can never be made simple, but we can try to avoid making it needlessly complex."

The historical development of the tax system indicates that the problem cannot be resolved in piecemeal fashion. The task is much larger than a mere rearrangement of items on a form or more simply worded instructions.

The existing structure represents the accumulation

of statutory enactments, more than twenty major ones since the original 1913 act; of the fiscal and the non-fiscal, the correlated and the contradictory concepts underlying these statutes; of court decisions usually too long delayed to act as a current corrective; of the regulations, rulings, administrative procedures, forms and instructions which make the statute a working mechanism; and while it reflects the results of expediency, complacency, and haste, it nevertheless is the repository of the judgments of the people as to the ways and means of raising government revenue.

ACQUIESCE in the premise that corporations were proper subjects of taxation was of little consequence when the entering wedge of a 1 per cent excise tax measured by net income was enacted some thirty-five years ago—today, with double taxation of corporate earnings at very high rates the question is of vital consequence. Exemptions and deductions, returns and payments, under the personal income tax, simple enough for a million taxpayers in the higher income brackets, become an unworkable burden for fifty million taxpayers with incomes above \$10 a week subject to tax.

In the absence of a well-developed tax policy, the tax laws have endeavored to keep pace with the rapid changes in the business and social economy, the numerous forms of business organization investments, and the many ways in which income is produced and derived. This has meant that the laws have tried to deal specifically and justly with each situation under which income arises, or hardship occurs, or tax avoidance is possible. The definitions of different kinds of income, the different rates and separate exemptions for individuals; the statutory concept of net taxable income for corporations which differs from income determined by generally accepted accounting principles, are obvious examples of this approach. Admittedly this is a complex society, but it is for that very reason that the problem must be resolved in a practicable manner in order that the tax laws should not contribute needlessly to the existing complexity.

It must be recognized that simplification of taxation generally must involve the sacrifice or loss of some of the equities or some of the revenues. An answer may be in the suggestion of Professor Roswell Magill, made in his book, "The Impact of Federal Taxes," that laws should be drafted in more general terms and wide powers conferred upon Treasury officials to make rules to fit special as well as general cases.

While it may not be theoretically desirable to utilize revenue measures for social purposes, the history of tax legislation indicates that it is impossible to design a tax law solely for the purpose of raising revenue without direct or indirect non-fiscal results. At any rate, collateral or even principal objectives other than revenue

(CONTINUED ON PAGE 60)

THE MOST COMPREHENSIVE BOOK

"Electrical Living in 194X"

Are you planning ahead for the *greatly increased electrical loads* that household appliances and equipment will bring in 194X?

To help you in your postwar planning, the Westinghouse Better Homes Department has prepared a new and unusual *free book* . . . that explains to prospective home owners

the urgent need for *better wiring* in their future homes.

We are confident that you will find in "Electrical Living in 194X" a valuable tool for selling the idea of *better wiring for better living* to present and future home owners. Send for your copy now!



Westinghouse Better Homes Department offers new "Six-Point Advisory Service"

The Better Homes Department welcomes the opportunity of giving authentic technical information on the *proper applications of electricity* which will contribute so much to better living in 194X.

This Six-Point Advisory Service includes free advice on the following important subjects:

1. Selection of correct types of electrical equipment for various classes of postwar homes.
2. Location and arrangement of fixed equipment, for conserving space and attaining maximum efficiency in arrangement of kitchen and laundry work cycles.

3. Accurate dimensions and clearances of equipment to insure proper installation and efficient operation.

4. Access for servicing of equipment—so necessary for periodic inspection and repair.

5. Location of lighting outlets and controls, for greater enjoyment, comfort, and safety in the home.

6. Utility service connections—including location and size of electric wiring, water supply, and drainage lines.

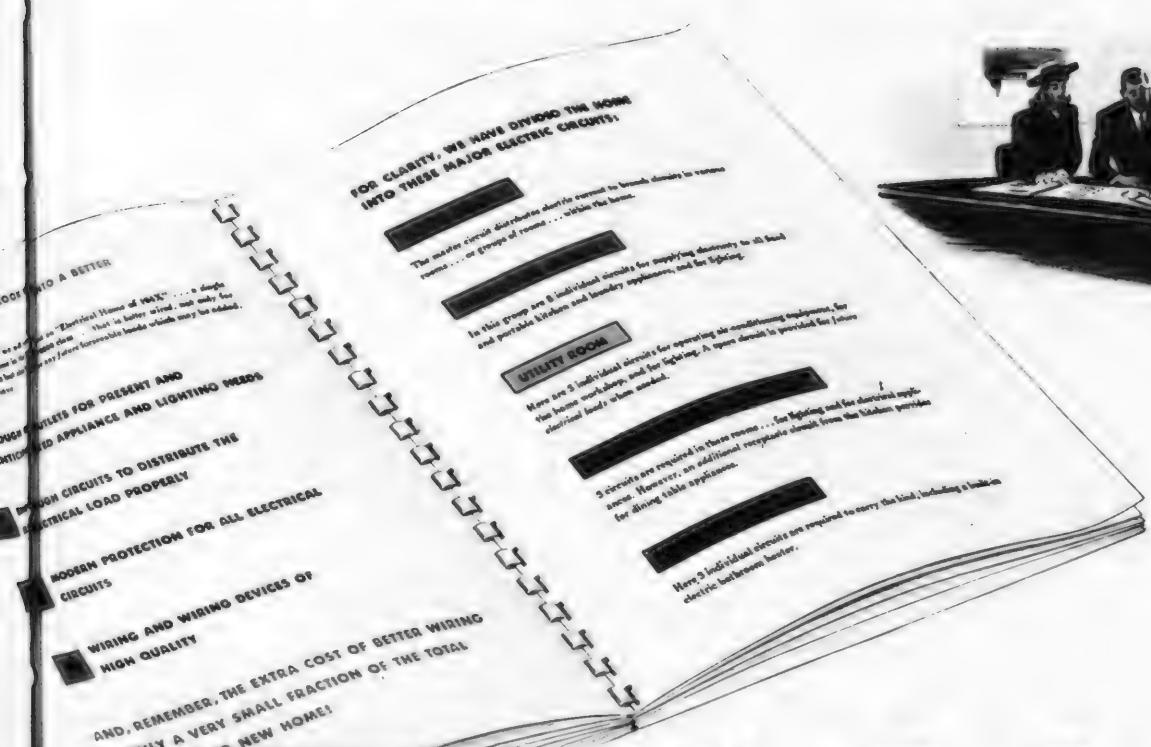
If you have any problems relating to the selection, installation, and use of home electrical equipment, write: Better Homes Dept., Westinghouse Electric & Mfg. Company, Pittsburgh 30, Pa.

*Tune in John Charles Thomas,
NBC, Sundays, 2:30 p.m., E.W.T.
and*

"Top of the Evening"

*Monday—Wednesday—Friday
Blue Network, 10:15 p.m., E.W.T.*

OF ITS KIND EVER PUBLISHED!



ELECTRICAL LIVING IN 194X



This new book is offered to the building profession, and allied interests, as a contribution of the Westinghouse Better Homes Department to the greater enjoyment, comfort, and convenience of home owners in 194X.

New Free Book

tells all about

"BETTER WIRING FOR BETTER LIVING"

"Electrical Living in 194X" takes the prospect on a personally conducted tour through a completely electrified postwar home!

It pictures and describes the wiring circuits and electrical appliances in the home of the future . . . in kitchen, laundry, utility room, living and dining rooms, and bedrooms and bath.

This colorful, 64-page book tells all about electrical loads in the 194X home, lighting and lighting

controls, circuit protecting devices, entrance equipment, and distribution panels.

"Electrical Living in 194X" also contains valuable technical information on the application and installation of fixed and portable electric home appliances.

"Electrical Living in 194X" will be ready for distribution soon. The supply is limited. Be sure to get your copy, by returning the coupon today!

Westinghouse

Plants in 25 cities

Offices Everywhere

MAIL COUPON TODAY!

B 1
Better Homes Department
Westinghouse Electric & Manufacturing Co.
306 Fourth Avenue, Pittsburgh 30, Pa.
Please send my free copy of "Electrical Living in 194X"

NAME _____

POSITION _____

FIRM _____

ADDRESS _____

Simpler Taxes

(CONTINUED FROM PAGE 57)

raising should be set out clearly so that these purposes would be subject to debate before legislation.

Among many other things tax laws today influence the form and character of business organization and financing; they influence the form of family dispositions; they give preferred treatment for special groups and industries by special deductions and exemptions. The use of the corporate form is discouraged by the double taxation of corporate dividends, and partnerships and individual proprietorships accordingly encouraged. Corporate financing by bond debt rather than by equity stock is similarly encouraged for this reason. The merit of these individual provisions is not within the scope of this article. The purpose is merely to indicate that it is a complicating element and that the long-range social and economic consequences are often impossible to gauge adequately in advance. It must lead to uncertainty as to future changes and impositions upon various groups, and raises the question whether some of the economic, regulatory and social objectives could be incorporated more economically and effectively in specific measures designed for particular purposes.

All of these considerations lead to the inevitable conclusion that, in order to achieve an orderly, consistent tax structure, a thorough overhauling of the tax system is necessary. A sound national tax policy must

be established as a framework for the new structure into which the worthwhile body of the present law must be fitted. These are matters which must be carefully analyzed and, in the final instance, decided by Congress as a representative body of the American people. Then a clear, concise, well-integrated tax law with permanent tax bases upon which rates could be raised and lowered as the fiscal requirements of the government dictate could be enacted.

This is not a job which can be done in a day or in a month. It requires intensive study by qualified people who are sufficiently free from other responsibilities to devote their time and energy to a complete analysis. Congressional leaders chosen to determine policy matters, admittedly are not expected to be technical tax experts and are heavily burdened with other responsibilities at this time. Government technical staffs are also largely occupied with revenue raising and the immediate problems of the present structure. The logical step, therefore, is the establishment of a specific commission to do the groundwork, review all existing studies and tax reform proposals, including the many excellent suggestions of the government technical staffs, and through its work aid Congress in enacting a simplified tax system.

A sound tax policy should greatly support the confidence with which individuals and corporations face the coming transition from war to peace and action now is most timely.

Soldiers' Home-Front Bank

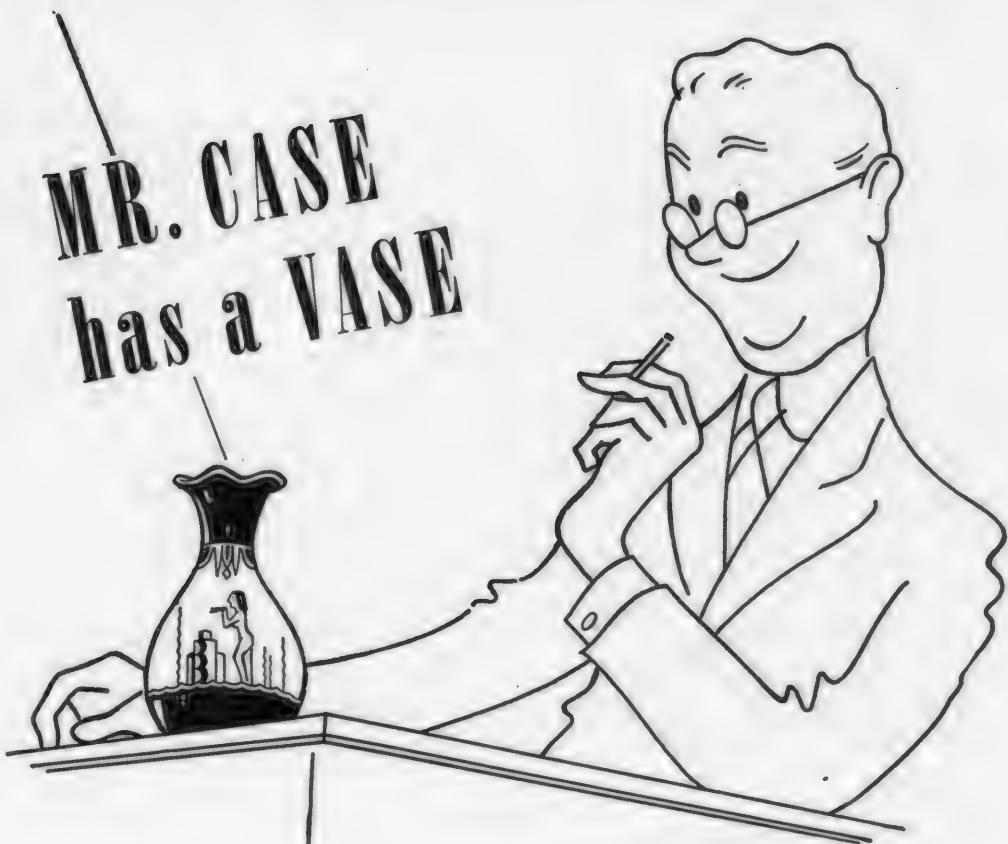
The U. S. Army Finance Office in New York disburses mustering out pay to discharged soldiers and acts as home-front banker for soldiers on many war fronts abroad. At right, Col. C. K. McAlister, N. Y. Finance Officer, an expert in foreign exchange, and Lt. R. P. Winans check over a large amount of foreign currency. An average of \$150,000 is accumulated a month from 31 countries. Foreign money is dispatched from this office to overseas soldiers and returning service men exchange foreign currency for U. S. dollars



WIDE WORLD



Since the passage in February of an act authorizing mustering-out benefits, the New York Army Finance Office has passed upon 100,000 veterans' claims. Other services of this office include purchase of War Bonds for soldiers, cashing of travelers' checks, of commercial money orders, disposition of surplus and mutilated U. S. currency and of official checks drawn on depositaries overseas. At left, discharged soldiers making application for mustering out pay at U. S. Finance Office in New York



Mr. Case is a banker who owns a lovely home. He's proud of his paintings, rare books and antiques such as furniture, rugs, silver, etc.—and other prized possessions, too.

Nice things to own, Mr. Case. But, remember to *protect what you have*. Objects of value that very often cannot be replaced, need to be insured to safeguard you against any possible financial loss.

... that means you'll want North America's broad Fine Arts Policy that will cover each article of value you own for an agreed sum... at only a nominal cost.

Call your Agent or Broker and ask him to fit this liberal policy to your particular needs. You'll find no better way to add peace of mind to the joy of ownership—and that's half the pleasure of having worthwhile things.



1792
INSURANCE COMPANY OF
NORTH AMERICA
COMPANIES

INSURANCE COMPANY OF NORTH AMERICA
 THE ALLIANCE INSURANCE COMPANY OF PHILADELPHIA
 CENTRAL INSURANCE COMPANY OF BALTIMORE

INDEMNITY INSURANCE COMPANY OF NORTH AMERICA
 NATIONAL SECURITY INSURANCE COMPANY
 PHILADELPHIA FIRE AND MARINE INSURANCE COMPANY

GIVE THE RED CROSS DOUBLE OR MORE IN '44—BUY WAR BONDS, TOO



A job can be waiting for him **BUT WE MUST PLAN NOW**

These days one hears much about plans for post-war and many of us are wondering what we can do about it—how to proceed to be in a favorable competitive position, how to assure plenty of **jobs** for **returning soldiers**, and how to be sure that private enterprise will meet the new conditions.

What the construction industry has done and is doing for the emergency of **war** is a matter of **record**. Its part in the era to come will be none the less brilliant and helpful to the nation, but plans and specifications must be made well in advance of victory.

This is the time to plan!—to call in architects and engineers and the general contractor and discuss your building needs for the day that may come sooner than we anticipate. This step taken now not only helps you but it also helps the nation. The **construction industry** has no change-over problem, it **can start immediately** on new construction and modernization whenever plans and specifications are approved, but planning and making specifications take time and much of it can be done now thus saving valuable time when peace is declared. This is **blueprint time!**



THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC.

NINETY CHAPTERS AND BRANCHES THROUGHOUT THE COUNTRY
NATIONAL HEADQUARTERS—MUNSEY BLDG., WASHINGTON, D. C.

SKILL, INTEGRITY AND RESPONSIBILITY IN THE CONSTRUCTION OF BUILDINGS, HIGHWAYS, RAILROADS AND PUBLIC WORKS

METHODS and IDEAS

JOHN J. McCANN

War Bond Ideas

The following sales promotion ideas and suggestions have been culled from material recently contributed to BANKING's scrapbook. You may find among them "the very idea" to adopt in your efforts during the next War Loan drive.



War exhibition sponsored by the Williamsburgh Savings Bank at Brooklyn Bridge

BANK OF AMERICA, California, awarded a bond drive "citations" to the three branches attaining the highest sales gains over weekly quotas and gave the respective staffs deserving publicity over the bank's radio program. The citation, hand illuminated in gold and other colors, bears the signature of A. P. Giannini.

A display in the lobby of the STATE STREET TRUST COMPANY, Boston, attracted special attention by featuring a Jap war bond taken off a dead Jap at Tarawa by Lt. Eddie Albert, former star of stage and screen. A quotation from the lieutenant's letter describing his reactions during the invasion of the Pacific island stated: "It makes you realize just how important are the people back home who are turning their time and money into such needed implements of war, and may I add my little thanks to all."

A corps of 14 girls from the NATIONAL CITY BANK, New York City, assisted by the Drum and Bugle Corps from the Manhattan Barracks of the U. S. Coast Guard, and two bomber veterans, staged a lively bond rally during the last campaign in front of the bank's 42nd Street branch. An Army jeep and large scout car manned by a crew from Fort Jay, were parked at the bank entrance. Arthur Boran, radio entertainer, and

the bomber veterans spoke from the car at intervals urging the purchase of extra War Bonds.

The FIRST NATIONAL BANK, Orlando, Florida, displayed "thank you" notes from men overseas in appreciation of gift boxes local bankers had sent. The display was changed several times due to the large accumulation of letters. This personal element helped boost bond sales.

The banks of Walden, New York, co-sponsored a "buddy" bond drive for the Fourth War Loan. A "buddy bond" is a Series "E" bond dedicated to a man or woman in the armed services. The names of "buddies" so honored are published in the local newspaper together with the names of purchasers, who are given a window sticker.

Six Denver (Colorado) banks addressed a cooperative newspaper advertisement to savings depositors stating that withdrawals would be permitted during the bond drive without loss of interest on accumulated balances. Ordinarily, withdrawals from savings accounts without loss of accumulated interest can only be made on semi-annual interest paying dates, i.e., October 1 and April 1.



Above, lobby, Baltimore (Maryland) National Bank. Below, bond parade sponsored by the First National Bank, Leesburg, Florida



The FIRST NATIONAL BANK, Lake Worth, Florida, used the back cover of its statement for information on the Fourth War Loan, listing the types of securities and principal features. President Roy E. Garnett said, "We were astounded at both the demand and favorable comment received."



The Franklin Society for Savings, New York City, displays military picture album

To stress the soundness and safety of a war loan investment, the UNION TRUST COMPANY, St. Petersburg, Florida, ran a full-page advertisement reproducing Treasury appeals for public investment in the 5-20's of the Civil War, and for Liberty Bonds of World War I. To commemorate the purchase of War Bonds, the bank tied-in an attractive "certificate of purchase."

Another variation of the bond certificate is one issued to service men by the CITY NATIONAL BANK & TRUST COMPANY, Chicago. Resembling an engraved bond in size and design, the certificate provides space for inscribing the name of the soldier or sailor for whom the bond is bought, followed by this message: "This is to advise you that a \$ Series War Bond has been purchased for you, registered as follows:" Below the message is a three line fill-in for designating registry. Beneath this is a two-line set-up — "in appreciation of the many sacrifices you are making in this Second World War." Space at the bottom gives date and purchaser's signature.

The NATIONAL BANK OF COMMERCE (of Seattle), Wenatchee, Washington, tried a somewhat different approach in bond promotions. Stressing the negotiable features of Series F and G, the bank's newspaper campaign offered to

(CONTINUED ON PAGE 66)



We have known him for more than a hundred years...

Here at John Deere, we have walked step by step beside him and his forebears, down through those years, studying his problems and supplying his equipment needs.

We know his inheritance. It is the kind that fits men for great accomplishments. In his veins flows the blood of men who tore a civilization from the wilderness with little more than bare hands; of women who forsook comforts to face unspeakable dangers and hardships. They were inspired by the same urge that is today giving the American Farmer strength in this hour of need—a vision of freedom and the will to build a better world.

★ ★ ★

The farm has cradled the virtues and privileges that have brought into shining glory this home we call America.

The might of America today is based upon that rich heritage of a farm-born culture that is dominant in our national life. It is in our blood. It is a sustaining factor in our philosophy of living. It is an unseen, guiding force in our daily activities. In this hour of national anguish and peril, it is the solid granite for our destiny to rest upon—the foundation of strength that no crisis can unfirm.

★ ★ ★

We understand the colossal task that confronts the American Farmer in this Battle for Food, upon which largely

depends the very future of civilization. It is a gigantic demand upon his full resources of strength, skill, and courage. To provide enormous amounts of meat and farm produce with a limited supply of new farm machinery, to operate his farm with little or no help—this is an undertaking that might break a weak man or stampede a timid one. But the foundation is strong. The leaven of the spirit of the old pioneer stock is mighty. Just as his forefathers met the stubborn resistance of a dormant land, subdued its wildness, ordered its progress to bring forth a great nation, so, too, their sons will preserve its freedom and greatness.

★ ★ ★

Yes, we have worked with him and his forefathers since the days of Martin Van Buren—when there were fewer than 18,000,000 people in this country and only twenty-seven stars in the Field of Blue on Old Glory. It has taught us much. It has taught us to understand his needs and respect his judgment. And, it has given us a good idea of his capacity. That long backlog of intimate experience maintains our unshakeable faith—our absolute confidence that he will come through gloriously in his job of building the fortress of food defense in this momentous Fight for Freedom.

John Deere
MOLINE, ILLINOIS

MANUFACTURERS OF QUALITY FARM EQUIPMENT FOR OVER A CENTURY

VALLEY NATIONAL BANK
STATEMENT OF CONDITION
December 31, 1943

RESOURCES	
Cash and Due From Banks.	\$ 29,429,362.47
U. S. Government Bonds.	59,177,010.00
Other Bonds and Securities.	1,487,112.28
Loans and Discounts.	30,213,516.81
Bank Buildings.	574,957.21
Furniture and Fixtures.	71,917.62
Other Real Estate Owned.	107,201.80
Interest Earned, Not Due.	373,291.65
Other Resources	131,030.09
TOTAL RESOURCES	\$121,565,399.93
LIABILITIES	
Deposits.	\$117,735,053.21
Interest Collected, Not Earned.	211,053.53
Reserve for Interest.	12,833.59
Reserve for Taxes.	353,863.05
Preferred Stock.	700,000.00
Common Stock.	1,000,000.00
Surplus.	1,000,000.00
Undivided Profits	552,596.55
TOTAL LIABILITIES	\$121,565,399.93

Yardsticks of Progress



The steady, healthy growth of Arizona during the past eleven years can be measured by the progress of its largest financial institution — the Valley National Bank.

Development and expansion of Arizona's vast mineral resources; the extensive growth of its agricultural, livestock and lumber industries; the phenomenal increase in its tourist business; the decision of the U. S. Army and large national manufacturers to take advantage of its ideal weather and labor conditions . . . have all given impetus to Arizona's growth. This eleven-year activity is reflected in the following Valley National Bank figures:

	1932	1943	Increase
Deposits	\$6,700,000	\$117,735,000	1652%
Customers	12,000	125,000	941%
Loans	\$3,000,000	\$30,213,000	907%
Personnel	87	508	484%
Organizations	10 offices	19 offices	90%

Large and small industries will find Arizona worthy of serious consideration in shaping their post-war plans.

PROGRESSING WITH ARIZONA

VALLEY NATIONAL BANK

19 FRIENDLY CONVENIENT OFFICES IN ARIZONA

BAFFORD HAYDEN CLIFTON AJO PHOENIX TUCSON CASA GRANDE GLOBE
KINGMAN MIAMI GLENDALE SUPERIOR PRESCOTT COOLIDGE
MESA CHANDLER MORENCI WILLCOX DOUGLAS

MEMBER OF FEDERAL DEPOSIT INSURANCE CORPORATION AND FEDERAL RESERVE SYSTEM

METHODS—Continued

accept such bonds as collateral for loans at a rate less than half the usual charged on large seasonal loans. A follow-up advertisement endorsed the security of War Bond investments, which in some instances have caused prospective investors to hesitate owing to the present tremendous government war expenditures. Reaction was reported excellent.

A simple printed message, "May we sell you another War Loan Bond?" was clipped to the top of all letters sent out from the EAST RIVER SAVINGS BANK, New York City.

Municipals

GRAPHIC evidence of strong investor confidence in state and municipal credit during 1943 is seen in the Tenth Annual Price and Yield Survey of more than 200 state and municipal bonds being released by the CHEMICAL BANK & TRUST COMPANY, New York City.

The almost uninterrupted uptrend in prices for state and local government bonds by the end of 1943 had carried them to new record tops. At the close of the year average prices, based on quotations of 20 selected issues, stood at 127 1/8, and average yield, moving inversely to price, stood at 1.55 per cent, down from 1.88 per cent in December 1942.

Included in the survey are two supplemental tabulations showing 1933-43 prices on 20 geographically selected issues ranging in quality from AAA to BAA and a running average of all issues in the study with maturities from 10 to 25 years.

The price study is unique in that it is the only tabulation of its kind, accord-

(CONTINUED ON PAGE 68)



Banker G. J. Schraust, First National Bank, Minneapolis, explains lobby war exhibit

When the Boys come home, there will be

A ONE-MAN HAY HARVEST



When their task for Uncle Sam is finished, our soldier sons, as well as those who are now producing food for victory, will have an opportunity to operate their own farms with the best equipment modern design can offer.

A machine to help give them that chance has rewarded our search at Allis-Chalmers for a better system of making hay. It is ready and will be in production when war conditions permit—a new field baler that makes possible for the first time a *one-man* hay harvest without a pitchfork.

One man sitting on the tractor seat, master of his own hay crop! Rich protein and carotene formerly leached by the rain and bleached by the sun can be safe in the bale the hour hay is cured.

This machine forms a new type of weather-resistant *rolled* bale which will be handled mechanically from field to haymow. It is wrapped with ordinary twine, with the leaves sealed inside, protected from the elements by the bale's outer layer which serves as a "raincoat". It may be fed any of three simple ways: 1. Unrolled like a carpet 2. Sliced open lengthwise 3. Placed in feed rack whole, with twine removed.

Labor-saving, cost-cutting equipment for the family size farm is a specialty with Allis-Chalmers — equipment that not only contributes to the advancement of agriculture, but to the prosperity of the farmer himself and to the welfare of his community.

ALLIS-CHALMERS TRACTOR DIVISION, MILWAUKEE, U. S. A.



ALLIS-CHALMERS

April 1944

ONE-MAN BALER

METHODS—Continued

ing to officials of the bank, and should be especially valuable to portfolio managers and others in the determination of past price movements of varying quality municipal issues.

War Theme

TIME WAS when a bank, arriving at its 75th year of service, splurged a "bang-up" institutional campaign with all the trimmings. Times have changed, and a good illustration is the full-page announcement recently sponsored by the FIRST TRUST & DEPOSIT COMPANY,

Syracuse, New York. It was headed "We celebrate our 75th anniversary with . . . WAR WORK AS USUAL." Copy read: "Although this is our 75th birthday we cannot forget that we are at war, and we are therefore just going to mark the date on our calendar. Besides it's hardly fitting to celebrate anything until that glorious day when all the men and women in the armed forces — and we have 33 of them — have 'reached their objectives.'

New Service

THROUGH the good offices of the CITIZENS UNION NATIONAL BANK, Fort

Knox, Kentucky, a new service has been offered to the trainees at the nearby armored replacement training center. It is a pre-embarkation furlough savings club. Trainees turn special savings over to their company commander for deposit in the bank's Fort Knox facility. No money may be withdrawn during training, except in emergencies. One dollar is deducted for the service. These funds "for one last good time" before overseas duty will be paid out when furloughs are granted.

Fiscal Facts

A BRIEF analysis of the fiscal position of the United States, originally prepared for internal bank use, is being distributed by the NATIONAL CITY BANK OF CLEVELAND. It is not an intensive study, nor are any important conclusions reached; it is, however, considered pertinent to review the statistics because of the tremendous stake individuals and corporations alike have in the public obligations of the Government. The study contains a summary of revenues and expenditures, analysis of war financing and expenditures, sale of securities in war loan drives, and a consolidate public debt statement of direct and guaranteed obligations.

Safeguards

THE IRVING TRUST COMPANY, New York City, has issued a new booklet — "Safeguards Against Forgeries" — as an aid to bank tellers in cashing checks, preventing losses from forgeries and the diversion of funds. Efforts to prevent losses, as chapterized by the booklet, begin with the careful identification and investigation of new depositors, and follow in sequence through the receiving

(CONTINUED ON PAGE 70)

Bond display on main banking floor of the First National Bank, St. Paul, Minnesota



THE BANKS AND BANKERS DIVISION
of The First National Bank of Chicago is composed of officers who, because of long years of experience and nation-wide contacts, assure correspondent banks of exceptionally prompt and efficient handling of all bank-to-bank transactions.

We invite your Chicago business.

BANKS AND BANKERS DIVISION

John J. Anton Thomas J. Nugent
Vice-Presidents

Harold W. Lewis Melvin H. Thies Verne L. Bartling
Assistant Vice-Presidents

Leland L. Hobbs Charles F. Newhall Edward Decker
Assistant Cashiers

The First National Bank of Chicago

Building with Chicago since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Full Mess Kits

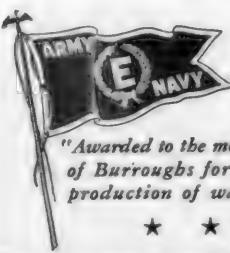
WHEREVER THEY FIGHT

To make our armies, in action all over the globe, the best fed of *all* armies is the tough task of the Army Service Forces. It calls for an infinite amount of patient, precise planning.

In army planning, men and foods are translated into figures. Figuring apportions those foods to the men, wherever they are, in scientifically balanced rations. The fighting trim of our fighting men depends on facts and figures and figuring.

Thousands of Burroughs adding, calculating and accounting machines are now engaged in figuring work vital to the war, just as Burroughs machines were used in peacetime—to save time and manpower by expediting work, contributing to accuracy.

BURROUGHS ADDING MACHINE COMPANY • DETROIT



*"Awarded to the men and women
of Burroughs for outstanding
production of war materials"*



Years of experience in precision manufacturing are enabling Burroughs to produce and deliver the famous Norden bombsight—one of the most precise instruments used in modern warfare.

New figuring and accounting machines are also being produced by Burroughs for the Army, Navy, U. S. Government and other enterprises whose needs are approved by the War Production Board.

★ BUY MORE WAR BONDS ★

Burroughs

FIGURING, ACCOUNTING AND STATISTICAL MACHINES • NATIONWIDE MAINTENANCE SERVICE • BUSINESS MACHINE SUPPLIES

METHODS—Continued

of checks and other items of deposit and the payment to the customer or his order the funds at his disposal. Sections cover each progressive phase, with a separate chapter devoted to the control of checkbooks. A note addressed to this column from the bank said: "So helpful has it been to us, particularly under wartime personnel conditions, that we are sharing the booklet with other banks."

Money Order Plan

ATTENTION of banks is again called to the standard bank money order plan

devised by the AMERICAN BANKERS ASSOCIATION's Bank Management Commission for two reasons: (1) The Revenue Act of 1943 boosts the cost of postal money orders by two thirds; and (2) the A.B.A. has received a letter from the Detroit office of the Internal Revenue Service complaining because senders' names and addresses are not shown on cashiers' checks.

A \$10 postal money order now costs 19 cents at the post office; an order of from \$10.01 to \$20, costs 22 cents; and orders for larger amounts are proportionately higher. A.B.A. plan suggests a flat fee of 10 cents for bank money orders in amounts not exceeding \$100.

The Internal Revenue Bureau letter referred to reads in part:

"This office, as well as the collectors of other districts, receive very many remittances in the form of cashiers' checks, which are forwarded by the taxpayers in envelopes that do not bear the name or address of the sender, neither do they have any signed statement as to what the remittances cover. The result is a great delay in negotiating and giving proper credit to the parties interested and putting a further burden on the banks issuing the remittances to obtain the necessary information as to the names and addresses of the purchasers.

"In a few instances the issuing banks put the names of the purchasers on the instruments and the accounts can be traced from this information. However, the great majority of cashiers' checks are issued without any information as to who the purchasers are.

"We are of the opinion that putting the names of the purchasers on the cashiers' checks would be a great saving all around, and it might be advantageous to both the banks and the receiving offices that this information be incorporated."

A.B.A. Commercial Bank Management Booklet No. 26 illustrates the standardized money order form of the Bank Management Commission and outlines the operations for handling these forms within the banks. The procedure is simple and the sale of money orders is proving to be a source of valuable revenue to the banks now using the plan.

A series of four two-column advertisements and a counter display card featuring bank money orders have been produced by the A.B.A. Advertising Department and are available to subscribing banks.

(CONTINUED ON PAGE 72)

Vice-president John Todd, Cleveland Trust Company, contributes to the paper salvage



...and more than 490 branches of this bank to serve you. Present and post-war business opportunities in California command the interest of bankers and executives throughout the country. In the development of their interests in this market many of these men are finding that the unique statewide service of Bank of America offers numerous advantages. Inquiries receive prompt attention.

CAPITAL FUNDS . . .	\$ 166,384,994.51
DEPOSITS . . .	3,498,153,209.87
RESOURCES . . .	3,697,912,674.78

(As of December 31, 1943)

Bank of America
NATIONAL TRUST AND SAVINGS ASSOCIATION
MEMBER . . . FEDERAL RESERVE SYSTEM—FEDERAL DEPOSIT INSURANCE CORPORATION

Complete Banking Facilities—Commercial—Savings—Trust—Safe Deposit
Main offices in two reserve cities of California . . . San Francisco—Los Angeles



Blue and Gold BANK of AMERICA TRAVELERS CHEQUES
are available through authorized banks and agencies
everywhere. Carry them when you travel.



Who's the new man working for the PURINA DEALER?



DOES he look out of place in a feed store? —Well he's not! He's the Banker in the community with lots of interest in agriculture and its progress...yes, community interest and pocketbook interest, too. This Banker has discovered that he and the Purina Dealer make a good team...He helps the Purina Dealer with his credit, tax and other financial problems...and in turn the Purina Dealer points out worthwhile places where the bank might make profitable farm loans.

Purina Mills believes that much can be accomplished through the cooperation of

the local Purina Dealer and the Banker in his town. Each has information which can benefit the other...and the community. The Purina Dealer has the closest personal contact with many of the best farmers in the area—knows those who are on a sound feeding and management program, knows when they are going to expand, buy new machinery, build, start a new feeding operation.

If you don't know your Purina Dealer—give him a call. Purina is urging him to become better acquainted with you...so why not get together?

PURINA MILLS, St. Louis 2, Mo.

COMMUNITY BUILDERS



DEDICATED TO THE BUILDING OF THE AGRICULTURAL COMMUNITY

METHODS—Continued

Agency Service

BANK OF AMERICA, California, provides a special agency service through its trust department for civilian aircraft engineers and technicians employed overseas.

Under this service, at very nominal cost, debts are paid, savings accounts established and regular purchases of War Bonds encouraged. In the Glendale trust district alone an average of more than \$6,000 bond purchases per month was made during the past year.

In addition, anniversary and Christ-

mas checks have been mailed to wives, children and sweethearts; financial arrangements made for hospital and medical assistance for dependents when husbands or fathers could not be reached immediately; flowers sent to wives in the husband's name on special occasions—in short, a complete personal service for the men who are keeping our flyers in the air.

Lost or Stolen Bonds

A HELPFUL circular defining the requirements for duplicating lost or stolen War Bonds has been issued by the NATIONAL SURETY CORPORATION of New York. It is titled—"Analysis of

Federal Statute relating to destroyed, mutilated, defaced, lost and stolen United States Coupon War Bonds." Among the requirements are: (1) Wait until they mature; (2) furnish clear and satisfactory evidence of loss or theft to the Secretary of Treasury; (3) furnish a bond of indemnity, approved by the Secretary of the Treasury.

Under the circumstances associated with this matter, it is quite evident that every precaution should be taken by bond owners to eliminate possibilities of loss. This fact may well be stressed in bond promotions.

Voucher Check

THE HOME STATE BANK, Jefferson, Iowa, finds that farm customers appreciate the convenience of keeping accurate records of expenditures on the bank's newly designed voucher check. The check conforms to the standard, but carries a three-line form 2 5/8 inches wide in the lower left corner for noting details of the expenditure.

Another form, adopted by the IOWA TRUST & SAVINGS BANK, Estherville, carries the same form running vertical at the left side of the check, and also incorporates the personalized feature with the customer's name imprinted.

Protectors

THE Business Relations Committee of the National Association of Better Business Bureaus, Inc., has issued a set of "War Bond protectors"—mailing pieces designed to give timely warnings against petty racketeers who prey upon War Bond holders. This material is being distributed to 85 Better Business Bureaus located in the United States and Canada and will be made available to War Bond issuing stations, industrial plants, and the general public. Also, their distribution will be tied in with a general campaign of "radio talks, publicity, etc."

(CONTINUED ON PAGE 74)

The National City Bank of Cleveland uses window display to encourage paper salvage



Production Lines are Battle Lines

WAR-TIME BANKING SERVICE

adapted to the requirements
of Correspondent Banks
in serving a Nation at war



BANKERS TRUST COMPANY

NEW YORK

Member of the Federal Deposit Insurance Corporation





The hat that saved a head

Said the Hartford Engineer: "Give them safety helmets."

That was his recommendation on finding shipbuilders working without head protection; while directly above, cranes were moving big loads and other men were using heavy tools.

Shortly after the "hard hats" were issued, a falling tool struck a man below. His helmet was pierced but it saved his head—perhaps his life.

In mills, factories, on construction operations, Hartford Engineers scout for hazards to life and property. Through advice to management and cooperation with supervisors they help correct dangerous conditions and unsafe practices.

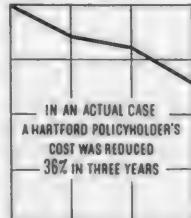
How Hartford Engineers help in the war



In peacetime, industry benefited from their work in prevention of accidents and fires. Now, when a full day's output from every available worker is vital to victory, the Hartford Engineer's efforts to maintain uninterrupted production are contributing mightily to America's record flow of planes, ships, tanks and guns.

...and help cut the cost of insurance

Fire losses are lower now than years ago, in relation to the values insured. The population accidental death rate is also lower. And insurance rates are down. All this is due in no small measure to the alertness and "know how" of insurance engineers, cooperating with industry and with policyholders in general.



Yes, fire can start itself!

Don't let waste paper, oily rags and other trash accumulate in basements, closets, out of the way corners. They can generate enough heat to ignite spontaneously. Clean up and keep clean! Make *every week* Fire Prevention Week.



Ever hear of Valuable Papers Insurance?



Loss or damage to vital records—by fire, water, explosion, burglary, riot, etc.—could seriously hamper your business. Valuable Papers Insurance can help you keep it on an even keel. This protection will pay the expense of restoring your files, books, drawings, blueprints, deeds and other indispensable records if destroyed or damaged by practically any cause.

Which face can you trust?

"Trust an honest face" isn't a safe rule in running a business. It has caused employers heavy losses. Best plan is to cover *all* members of an organization with a Blanket Fidelity Bond. Then you *know* you're safe.



Want to save a fighter's life?

"Thank the people back home who gave me their blood!" That heartfelt thought occurs often in things our wounded men say and write. The miracle of blood plasma! It has restored thou-

sands, after terrible wounds and shock. Be a blood donor. Your body will quickly replace the pint you give. Go to the nearest blood donor station of the American Red Cross.

What you want in an insurance company

You want your insurance company to be financially strong—to have a good record for prompt claim payment—to be human in its dealings with policyholders and ready to serve them anywhere and at any time. Let the Hartford agent in your community or your own insurance broker tell you more about the advantages and benefits of being Hartford-insured.



HARTFORD INSURANCE

Hartford Fire Insurance Company

Hartford Accident and Indemnity Company

Hartford Live Stock Insurance Company

Hartford, Connecticut

Writing practically all forms of insurance except personal life insurance

METHODS—Continued

Anti-Inflationary

THE FULTON NATIONAL BANK, Atlanta, Georgia, has been running a newspaper series in support of the anti-inflation campaign, which sets up seven keys to a strong post-war world. The points emphasized are: (1) Buy only what you need; (2) pay no more than ceiling prices; (3) pay willingly any taxes your country needs; (4) buy and hold all the War Bonds you can afford; (5) pay off old debts; (6) save your money; and (7) don't ask for raises on goods and services.

To support the national campaign, the bank is offering mats of the series at cost to any institution desiring to do a local job.

Chain Policy

SAFEWAY STORES recently issued a policy manual for executives and employees. Covering every subject from A (for advertising) to T (for testimonials), one paragraph of especial interest to bankers settles the old question about where chain store money goes. Store managers are instructed to: (1) Maintain adequate bank balances in active accounts, or (2) establish special inac-

tive accounts as offsets to possible unprofitable banking accounts, or (3) by paying service charges on bank accounts if necessary to insure that the bank's operation of the account is profitable. The chain specifically forbids overdrafts and other malpractices, and urges a general over-all policy to substantiate the local banker's good opinion of the company and its relations.

Since clear-cut policies of this type are conducive to good business, it would seem appropriate to encourage all chain operators and even local business firms using branch banking facilities to define their policies for their managers.

Insured Cash Letters

SOME TIME ago the CHICAGO FEDERAL RESERVE BANK advised members that transit letters with adding machine run-ups only would be acceptable. If the letter was lost, the bank might experience some difficulty in locating the correct item to charge back to their customer or get a duplicate. At least many bankers would say they must have a complete record of their transit letters, because the practice has been going on for 50 or more years.

Today an insurance policy can be secured which will protect the bank in case of loss and inability to identify the missing check. A great deal of labor could be saved by eliminating the details of transit records. A number of Illinois banks are using this coverage at worth-while savings in time and money.

The premium for the cash letter bond is based on average daily sendings in all cash letters. The average sendings are checked at the end of each year and if they do not exceed the average on which the rate is based, no further premium is due. An adjusted charge is made when the amount exceeds the average.

The Ohio Citizens Trust Company, Toledo, is among banks currently exhibiting Douglas-Guardian War Bond display

We OPEN Cincinnati's Doors to You!

When you have business in the Cincinnati area, we can be of service.

Since 1858, this has been Cincinnati's friendly bank. We have helped our City grow to a great and busy metropolis. Cincinnati's problems have been our problems.

We know Cincinnati and this area. The citizens are our friends and neighbors. We enjoy their confidence.

The FIFTH THIRD UNION TRUST CO.

Cincinnati, Ohio

Cincinnati's FRIENDLY Bank since 1858



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



CONTINENTAL ILLINOIS
NATIONAL BANK AND TRUST COMPANY
OF CHICAGO

COMMERCIAL BANKING
CORPORATE AND PERSONAL TRUST SERVICES
FOREIGN BANKING FACILITIES
UNITED STATES GOVERNMENT AND
MUNICIPAL SECURITIES
SAVINGS DEPARTMENT

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

North of the Border

THE Canadian Government's bill to establish an Industrial Development Bank has been introduced in the House of Commons and further particulars of its organization and purpose are now available. The bank will have an authorized capital of \$25 million, all of which will be subscribed by the Bank of Canada. It will be empowered to borrow up to three times the amount of its capital and reserve fund by the issue of bonds and debentures. Total

resources will, therefore, aggregate approximately \$100 million. The fixed obligations of the bank will not be guaranteed by the Government but will be considered eligible investments for the Bank of Canada. It is anticipated that they will be readily salable in the financial market.

The purpose of the Industrial Development Bank is to promote the economic welfare of Canada by supplementing the activities of the 10 char-

tered banks and other lending institutions. The bank will not accept deposits but will provide financial assistance to small and medium sized industries, either by making advances direct or by guaranteeing loans made by the lending institutions. Loans guaranteed or made direct may be for fixed or working capital purposes and repayment may be spread over a considerable period of time.

Both existing and new industrial enterprises will be eligible for assistance provided that they are engaged in the business of manufacturing, processing of refrigerating goods, wares and merchandise, or in building ships, or in generating or distributing electricity.

THE Industrial Development Bank will only assist enterprises which appear to be economically sound but which, by reason of their size or the prospects which they offer, are not sufficiently attractive to the ordinary lending institutions. The greatest demand will likely be for medium and long term capital. Under the bank's guarantee the chartered banks will find it advantageous to provide this type of accommodation since the portion of their loans which is guaranteed will, in effect, be repayable on demand.

In addition to its power to lend or guarantee, the Industrial Development Bank will be authorized to acquire the stock, bonds, or debentures of a business which it chooses to assist, either by underwriting an issue or by purchasing direct from the issuing company. This provision has raised some criticism in the House on the ground that it will enable a government agency, under certain conditions, to take over and operate a business in competition with private enterprise. Members of Parliament have also pointed out that the present banking system and investment market have ample funds and are willing to make advances for both fixed and working capital purposes where the term is satisfactory and where the risk is not too great.

After second reading the bill will be referred to the House of Commons Banking and Commerce Committee where it will probably undergo some modification before becoming law. The Government has made it known that agriculture will also be provided with additional credit facilities during the present session.

A CANADIAN CORRESPONDENT

BANKING





What does a little boy dream of?

He's with his dad, fighting the war. *His* dad is a giant, killing the enemy by the hundreds.

The little boy is happy as he dreams, for the foe was never born who could kill *his* dad!

Some day though, when he's old enough, he'll know how much he and millions of others like him owe to the Red Cross for bringing their dads home to them—home from the field hospitals near the front lines where Red Cross men and women have brought comfort to those whose

torn bodies are mended by Army and Navy doctors and nurses; home from battlefields where blood plasma, collected by blood donor service, has saved so many thousands of lives; home to a family which perhaps has been cared for during sickness when dad was away by Nurse's Aides and Home Service.



So, in the name of millions of American families, The Home Insurance Company salutes the Red Cross in its great work of turning dreams into reality.

This is the first of a series of advertisements dedicated to the American Red Cross by

THE HOME INSURANCE COMPANY, NEW YORK

FIRE • AUTOMOBILE • MARINE

Heard Along Main Street

Letter of the Month

NUMBER EIGHT, employee journal of the National City Bank of New York, reprinted this letter from BERT BAER, 18, aerographer's mate 2/c, USNR, formerly a bank messenger: Dear Mother and Dad:

"The American soldier, sailor and marine have found out that there are other people besides his own living in the states; that the guy who sleeps in the bunk opposite him has a complete little world of his own too. Only living together as they do, fighting and dying together, shatters these little worlds and brings them, us, everyone of us closer together.

"Some day, when this is at an end, and the boys come back, each one won't be coming back to his home, his America, but our homes—our America; for no longer does the kid from the Bronx laugh at the hillbilly from West Virginia or the boy from Texas scorn the mechanic from California. We are all friends now, giving birth to a new type of democracy, such as we have never had before. We've all seen the world and now we've realized that there is still nothing like it, our own native land.

"I don't know if the people back home have any idea of what the future is going to be like and what the reaction of the service man is going to be to the negative cataclysm of vestpocket security. I call it that because I mean the type of talk that comes from the guy who sticks his thumbs in his vest and tries to rationalize our future with homespun yarns, without having actually seen or felt the conflict these boys are going through.

"When you lie in a fox hole with a guy from Kansas City, one from the hills of the Dakotas and one from some other part of the nation (it makes no difference where), if you're in that fox hole dodging bombs and ducking bullets, you are going to remember that time, and the guys that were with you.

"The fellow from Alabama who pushed you flat on your face while a hail of machine gun bullets spattered six inches over your shoulders wasn't such a bad guy after all—he saved your life. And those thoughts are going back with the boys when they get home. I know I'm taking them with me and so are all the other fellows that I know.

"It's going to lead to a different trend in thought and people back home better

Evening surgical dressing group of the Bronxville Branch of the American Red Cross which meets one night a week at The Gramatan National Bank and Trust Company, Bronxville, New York



be prepared for it. Not Communism, Socialism, or any other thought-out, book-written dogma, just good ole Americanism written in the hearts of all of us that have fought together. I hope you folks got some idea of what I've been thinking these past few minutes. My hand didn't write this, but my heart. . . ."



Pin Up Girl

FLORENCE LAWRENCE, depicted as the studious type in a selection of eight Chase National Bank of New York cover girls in a recent issue of *The Chase*, is now a "Pin Up" in the Post Office of the Manhattan Beach Coast Guard base. She was selected by Yeoman Walter and his shipmates when they ran across

Here is the kibitzer's fan letter:

"Dear Florence: Don't be amazed at this, but we (my shipmates and I who work in the post office—nosey, aren't we?) saw your picture in the *Chase* magazine and decided you were the prettiest of all displayed. (Tell the other girls pictured with you that they are pretty, too). (Diplomat, isn't he?) In fact, your picture was so cute that we would like a photograph of you to insert in our station publication as the Pin-Up Girl of the Post Office. I know you won't have the heart to refuse us sailors. Best of everything to you, Florence.

"Unknown sailor friend, Walt."

Walt and his pals now have a more glamourous picture of FLORENCE than the one (next column) that inspired them to make her their Pin-Up Girl.



Pyle Discovers Banker Talent

SOMEWHERE in Italy, war correspondent Ernie Pyle heard a great commotion in an officers' mess. Investigating, he found a roomful of pilots giving rapt attention to another who was delivering a burlesque harangue on snake-oil hair tonic. It was LIEUTENANT BOB HORRIGAN of the National Bank of Tulsa, boasts *Corings*, the employee magazine. Pyle wrote: "He has an infectious grin and a perpetual sense of mimicry . . . he would like to go on the stage after the war. His current ambition is to land an airplane on the Tulsa airport, with his family and friends all out to meet him. He wouldn't even object to a small brass band. The nicest thing about Horrigan's impromptu acting is (CONTINUED ON PAGE 80)



her picture in "The Chase" while exercising the postmaster's prerogative of reading post cards, magazines, etc.

In this case *The Chase* was addressed to a Chase man at the base.

HOW MUCH DOES A POUND OF STEAM COST YOU?



PLAN NOW FOR POST WAR COMPETITIVE CONDITIONS

THERE'S many an "if" and "but" involved in any plant manager's plans for a safe return to the production of civilian goods. Two things, however, are certain: post-war competition will be severe, and the man who can produce the best quality product at the lowest cost will be the one who will climb to the top in the scramble!

STEAM is an important "raw material" item on any plant's production cost sheet, yet its "price" varies

greatly, depending upon the efficiency of the individual boiler plant. *How much does a pound of steam cost you?* In a competitive struggle lower steam costs may well make all the difference between a healthy profit and no profit at all.

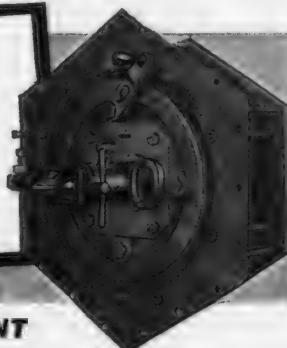
TODAY many factories and commercial buildings are already enjoying low-cost steam production with TODD burners. Investigate your combustion equipment now—compile specifications for improvements that will lower over-all manufacturing costs. Be ready to take advantage of the first opportunity to secure TODD burners. TODD engineers will be glad to make an impartial survey of your boiler plant!



TODD SHIPYARDS CORPORATION (COMBUSTION EQUIPMENT DIVISION)

601 West 26th Street, New York 1, N. Y.

NEW YORK * BROOKLYN * HOBOKEN * BARBER, N. J. * SO. PORTLAND, ME.
GALVESTON * HOUSTON * MOBILE * NEW ORLEANS * LOS ANGELES
SAN FRANCISCO * SEATTLE * TACOMA * BUENOS AIRES * LONDON



ON THE FIRING LINE OF AMERICA'S WAR PRODUCTION FRONT

MAIN STREET—Continued

that he gets as tickled as his audience does. His final act is a 100 per cent sound imitation of the unconventional scene of a Messerschmitt shooting down a Spitfire. The audience of pilots yells its delight as though there wasn't a care in the world."



"Extra"

BANKERS have long been identified with the theatre as "angels" and in other capacities behind the scenes, but

here's one who makes a hobby of carrying a spear and being a "super" when the Metropolitan Opera Co. comes to Cleveland each year: E. H. DUMONT, manager of one of The Cleveland Trust Company branches.

He has rubbed elbows with many famous opera stars. He is full of interesting anecdotes testifying to the efficiency, good nature and human qualities of those making up the "Met" organization. On several occasions he has been joined on the "Met" stage by fellow-employees, but Mr. DUMONT has been the most consistent member of the banker "extras" in Cleveland.

Rigorous Is the Word

COLONEL DAVID GOTHLAND, head of the mortgage collection and real estate tax departments of the Bankers Trust Company of Detroit, commands an A. A. unit in the Mediterranean theatre. He writes in *Scoop*, the bank employee journal:

"The life of an A. A. gunner is a rigorous thing. He moves right with units he is protecting and he is alerted all day looking for targets. This business, for me, so far, has been a succession of near misses. Either I have been lucky or I don't know just what. Things happen just before or just after I get places. For instance, one day I decided to inspect one of the batteries, these inspections are routine and also for the purpose of letting the boys see the "old man" around locations.

"They never dream that headquarters is as hot as any place they are. This happened a few weeks ago. I was driving down the road toward this battery tucked away in a valley. The road led along the edge of the river which is now so famous, perfectly straight across the flats. To the west, on a hill crest, our artillery was laying a barrage and the Germans were throwing high bursts over the ridge to harass our troops.

"We crossed the flats and were just turning into the side road that led into the battery and the field artillery they were protecting, when we heard the crackle of machine guns. We pulled over to the roadside and hopped into a ditch. This all happens almost at once. A string of FW 190's (Focke-Wulfs) comes diving out of the sun to bomb the Field Artillery we are about to visit. They roar over our heads, we see the bombs away—we see the amazing spurts of



Geared to wartime needs

WARTIME has greatly speeded up the volume and tempo of transactions between banks. The facilities of Manufacturers Trust Company are available to correspondent banks for:

The handling of notes, drafts and collections... servicing of mortgages on property located in Greater New York, Long Island and Westchester :: safekeeping of securities for the account of correspondents... quotations on government bonds, and the handling of purchases and sales... investment advisory service... advice on tax problems.

These are but a few of the services which we now make available to correspondents.

MANUFACTURERS TRUST COMPANY

PRINCIPAL OFFICE: 55 BROAD STREET, NEW YORK 15, N.Y.

68 COMPLETE BANKING OFFICES IN GREATER NEW YORK



Member Federal Deposit Insurance Corporation



Colonel Gothold

dirt and smoke that bellow up out of the trees, we see one FW literally explode in the air from ack-ack fire and another trailing smoke, climbing desperately to get over the ridge, and not quite making it—and it is over.

"We climb out of the ditch, brush off
(CONTINUED ON PAGE 82)

Realism...now and after the war

BUSINESS REPORT FOR 1943

In accordance with the Annual Statement as of December 31, 1943, filed with the New York State Insurance Department.

OBLIGATIONS TO POLICYHOLDERS, BENEFICIARIES, AND OTHERS

Policy Reserves Required by Law	\$5,537,595,431.67
This amount, together with future premiums and interest, is required to assure payment of all future policy benefits.	
Policyholders' Funds	255,604,009.54
Policy proceeds and dividends left with the company at interest to be paid out in future years.	
Reserved for Dividends to Policyholders	105,674,814.00
Set aside for payment in 1944 to those policyholders eligible to receive them.	
Other Policy Obligations	52,027,949.91
Claims in process of settlement, estimated claims not yet reported, premiums paid in advance, etc.	
Taxes Due or Accrued	20,523,324.00
Includes estimated amount of taxes payable in 1944 on the business of 1943.	
Reserve for Investments	62,347,000.00
To provide against possible loss or fluctuation in their value.	
Miscellaneous Liabilities	23,495,304.45
TOTAL OBLIGATIONS	\$6,057,267,833.57

ASSETS WHICH ASSURE FULFILLMENT OF OBLIGATIONS	
National Government Securities	\$2,353,375,600.15
U. S. Government	\$2,181,141,867.14
Canadian Government	172,233,733.01
Other Bonds	2,028,916,055.62
U. S. State and Municipal	48,213,934.88
Canadian Provincial and Municipal	89,749,717.58
Railroad	547,354,089.75
Public Utilities	829,416,829.35
Industrial and Miscellaneous	514,181,484.06
Stocks	87,370,538.01
All but \$680,138.00 are Preferred or Guaranteed.	
First Mortgage Loans on Real Estate	924,476,078.57
Farms	87,981,134.22
Other Property	836,494,944.35
Loans on Policies	408,746,108.58
Made to policyholders on the security of their policies.	
Real Estate Owned	366,977,963.12
Includes \$59,821,102.96 real estate under contract of sale and \$143,580,643.66 Housing Projects and real estate for Company use.	
Cash	135,436,989.06
Other Assets	158,504,218.48
Premiums due and deferred, interest and rents due and accrued, etc.	
TOTAL ASSETS TO MEET OBLIGATIONS	\$6,463,803,551.59

Assets exceed Obligations by \$406,535,718.02. This Safety fund is divided into

Special Surplus Funds	\$ 14,525,000.00
Unassigned Funds (Surplus)	392,010,718.02

These funds, representing about 7% of the obligations, serve as a cushion against possible unfavorable experience due to war or other conditions.

NOTE:—Assets carried at \$304,333,580.62 in the above statement are deposited with various public officials under requirements of law or regulatory authority. Canadian business embraced in this statement is reported on basis of par of exchange.

HIGHLIGHTS OF 1943 OPERATIONS

Life Insurance in Force, End of 1943	\$29,180,396,994.00
Paid-for Life Insurance Issued During 1943	2,305,262,410.00
Amount Paid to Policyholders During 1943	554,873,243.55

WE HEAR a great deal these days about postwar planning. Some of it seems sound and practical, and some of it is "crystal gazing."

While literally hundreds of public and private agencies are thinking of postwar planning, there are a few things that realistic individuals are sure of.

They know that first and foremost the war has to be won and nothing should interfere with all-out efforts toward this end.

They know that economic tides ebb and flow; that the future, like the past, will experience good times and bad; that when bad times come, many people will face economic hardships.

They know that they, like everyone else, are growing older; that the life of any individual is uncertain; and that in accordance with the immutable laws of nature, heads of families will continue to pass on.

Knowing these things, some 30 million people insured by Metropolitan are providing definite measures of protection against these uncertainties of life through some 29 billion dollars of life insurance.

In addition to providing an anchor to windward for the individuals involved and for their families, the thrift of these policyholders is bound to be of a stabilizing character during the postwar period.

This is Postwar Realism of the highest order.

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

*Frederick H. Ecker,
CHAIRMAN OF THE BOARD*

*Leroy A. Lincoln,
PRESIDENT*

1 MADISON AVENUE, NEW YORK 10, N. Y.



METROPOLITAN LIFE INSURANCE CO.
I Madison Avenue, New York 10, N. Y.

Gentlemen:

Please send me a copy of your annual report to policyholders: "Serving in the War—Building for the Peace."

Name _____

Street and Number _____

City _____ State _____

MAIN STREET—Continued

our clothes and go on into the battery. Several men, including one of mine have been killed, more injured and there is some confusion. One of my guns was knocked out and had we been there five minutes earlier we would have been right in it, instead of a half mile away.

"This sort of thing has happened several times."



From the Gilberts

CHARLES WALCZAK, ARM 2/c, on leave from the American Trust Com-

pany of San Francisco, tells what happens on an island in the Pacific after the Navy gives it a GI haircut: "We have been very busy since landing (in the Gilberts). We were living on rations until the chow halls were built and allowed three canteens of water a day. Since then conditions have improved; our camp was completed a few days ago.

"We were attached to the Marines when this island was invaded but did not go in until it was secure. You can understand the terrific battle put up by the Japs when you see their pill boxes and reinforced concrete block houses.

There was little left standing on the island, but now most of the debris has been cleared away.

"We are living in 16 x 16 foot tents, five men to a tent. I stand one four hour radio watch a day. The weather is warm most of the time and uncomfortable to work in. Our main meat course is spam. They have disguised it in every conceivable form, but it is still spam.

"Souvenir hunting has fallen off to such a state of affairs that incoming ship crews pick up Jap gas masks and helmets. There were thousands of Jap rifles around when we landed which now sell for \$30 and up (mostly up). There are numerous things to be had if you want to poke around in the ashes of burned out buildings. Many of our men have found various medals, money and pistols.

"The natives here are all healthy looking and built like prize-ring fighters. They pick up all forms of clothing and are usually dressed in Marine hats, sun helmets, pants,—sometimes a burlap sack. How long we will be here is anybody's guess, from six months to a year."



"THE BANK FOR BANKS" in northern Ohio

This bank carries a larger dollar volume of deposits from other banks than does any other bank in Ohio.

This is evidence of unusual correspondent banking relationships... wherein the resourcefulness of this bank meets routine needs and extra-service requirements with efficiency, helpfulness and dispatch.



*We invite you to write or
call upon us in Cleveland.*

THE NATIONAL CITY BANK OF CLEVELAND

Euclid at East Sixth



and Terminal Tower

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Ford Replaces Burgess

W. RANDOLPH BURGESS, vice-chairman of the National City Bank of New York, and vice-president of the American Bankers Association, has resigned as chairman of the New York State War Finance Committee. His successor is NEVIL FORD, who had been executive manager. Dr. BURGESS' retirement was in accordance with an understanding made at the time he took the position last June. He was in charge of the Third and Fourth War Loan drives in New York.

Mr. FORD was administrator of the former Defense War Savings staff in New York. He is on leave of absence from the First Boston Corporation of which he is vice-president and a director. He has been in the security business more than 20 years.



Inter-Bank Ski Meet

THE fifth Inter-Bank Ski Meet, which was held during the week-end beginning February 25, was attended by 264 officers and employees of New England banks and 18 members of the staff of the Manufacturers Trust Company, New York City, the sponsoring institution. It was by far the largest ever held since the inception of ski meets in 1940.

(CONTINUED ON PAGE 85)

Wartime Report of the Pennsylvania Railroad

SUMMARY OF 97th ANNUAL REPORT which was mailed to stockholders at the end of February. Operating revenues increased \$141,298,532 over 1942. Operating expenses increased \$109,369,984. Taxes increased \$55,826,689, or 44.8% over the previous year. Net income was \$85,418,484, a decrease of \$16,050,309.

THE YEAR 1943

The war continued to dominate the ever increasing transportation effort. While performance was highly satisfactory from the standpoint of meeting every demand of the war emergency, it could not of necessity be wholly adequate from the standpoint of the character of the service performed, particularly the passenger service. Nevertheless, considering the abnormal conditions that prevailed throughout the year, the results as a whole can be viewed as a creditable achievement.

THE NATIONAL EMERGENCY

The ability of the railroads to handle this record volume of traffic was due to further improvements in facilities and operating methods; to splendid cooperation between the railroads, the shippers and employees, the Army and Navy, and other agencies of Government, and to the continued helpful attitude of the Office of Defense Transportation.

TAXES

Sound public policy not only justifies but should require the accumulation by the railroads of large post-war reserves to meet post-war changes in transportation practices and methods, but the tax policy of the Government is heading

them along the same unfortunate path as at the close of the last war, when the railroads had to borrow large sums of money and go into debt to revamp their properties.

Today, while the railroads are doing the largest business in their history, it would be advantageous not only to them, but also to the public at large and to railroad employees as a whole, if the tax laws were amended so as to permit the creation now of the reserves needed for post-war rehabilitation, with resulting greater employment in the post-war period.

THE EMPLOYEES

The Board takes pleasure in acknowledging the continued efficiency and loyalty of the employees, which made possible the handling of a volume of traffic exceeding that of any year in the history of the Company.

44,448 employees of the System have entered the Armed Forces, serving in every part of the world, of whom 123 have made the supreme sacrifice.

Many thousands of new employees have had to be trained to take their places, including 21,730 women who are now in the railroad service.

Never were the demands upon the employees so great; never have they met the burden more efficiently and more courageously.

M. W. CLEMENT, President

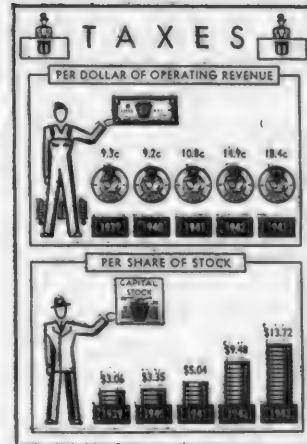
OPERATING RESULTS

	1943	Comparison with 1942
Operating Revenues	\$979,773,155	I \$141,298,532
Operating Expenses	663,510,711	I 109,369,984
Net Revenue	316,262,444	I 31,928,548
Taxes	180,405,491	I 55,826,689
Railway Operating Income	135,856,953	D 23,898,141
Hire of Equipment and Joint Facility Rents	8,310,542	D 6,166,208
Net Railway Operating Income	127,546,411	D 17,731,933
Non-Operating Income, chiefly dividends and interest on securities owned	42,503,518	I 1,406,637
Gross Income	170,049,929	D 16,325,296
Fixed Charges, chiefly rentals paid to leased roads, and interest on the Company's debt	84,631,445	D 274,987
Net Income	85,418,484	D 16,050,309
Appropriations to Sinking and Other Funds, etc.	1,924,119	D 794,112
Retirement of matured Debt—Penna. R. R. Co. (Does not include \$28,425,431 of matured debt of leased lines retired)	17,311,000	D 13,069,000
Dividend of 5% (\$2.50 per share)	32,919,385	
Transferred to credit of Profit and Loss	33,263,980	D 2,187,197

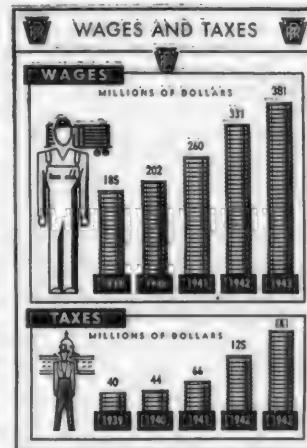
THE PENNSYLVANIA RAILROAD

Serving the Nation

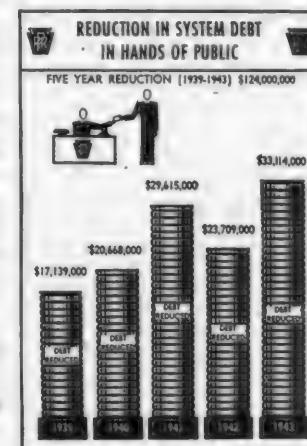
BUY UNITED STATES WAR BONDS AND STAMPS



Taken as a whole—taxes—the Company's chief burden, amounted to 18.4 cents out of each dollar of operating revenue, the equivalent of 27.4% upon the Capital Stock, or \$13.72 per share, an increase of \$4.24 per share over 1942.



Recent wage increases, together with vacations with pay, based on present force, are estimated to increase the expenses of the Company by approximately \$45,000,000 annually.



During the last five years, there has been a net reduction of \$124,000,000 in the debt of the System in the hands of the public.

FOR ALL TO SEE

UNITED STATES RESOURCES AS OF DECEMBER 31, 1943

ORGANIZED	* TOTAL ADMITTED ASSETS	RESERVES FOR LIABILITIES	POLICY- HOLDERS' * SURPLUS	SECURITIES DEPOSITED AS REQUIRED BY LAW	MARKET VALUES * (see note below)	
					ADMITTED ASSETS	POLICY- HOLDERS' SURPLUS
1861 Commercial Union Assurance Company Ltd.†	\$17,499,170	\$9,393,369	\$8,105,801	\$1,032,182	\$17,842,096	\$8,448,728
1871 The Ocean Accident & Guarantee Corporation Ltd.†	21,552,748	14,577,319	6,975,429	915,113	22,151,889	7,574,570
1853 American Central Insurance Company	7,941,440	3,473,558	4,467,882	380,957	8,312,243	4,838,685
1904 The British General Insurance Company Ltd.†	1,350,178	499,896	850,282	635,678	1,422,097	922,201
1864 The California Insurance Company	5,415,781	2,156,970	3,258,811	366,747	5,598,782	3,441,813
1920 Columbia Casualty Company	10,608,607	6,309,272	4,299,335	705,958	10,911,611	4,602,339
1890 The Commercial Union Fire Insurance Co. of N. Y.	3,518,834	1,688,897	1,829,937	282,664	3,657,435	1,968,538
1886 The Palatine Insurance Company Ltd.†	3,264,164	1,179,514	2,084,650	634,646	3,432,351	2,252,838
1714 Union Assurance Society Limited†	2,607,114	1,178,044	1,429,070	637,856	2,724,912	1,546,869

†U. S. Branch

*If all Bonds and Stocks owned were valued on the basis of December 31, 1943, Market Values, the Total Admitted Assets and Policyholders' Surplus would correspond to the amounts shown in the columns at the right.

This is a plain statement to the insuring public of America... The above figures demonstrate clearly the Unquestioned Financial Strength of the Companies of the Commercial Union Group...

Supplementing the monetary resources of our Companies are these other essentials of Sound Insurance Protection; Integrity, Fair Dealing, Prompt Loss Settlement, Friendly, Helpful Service, Modern Facilities and Methods, Broad Form Policies, Fire and Accident Prevention Counsel and Engineering Inspection Service.

Thousands of Individuals and Families—their Homes and Businesses—are enjoying True Security under our Fire and Casualty Policies and Bonds.

Our agents are conveniently located in cities and towns from Coast to Coast, making our protection service readily available wherever you may be. We invite you to consult them or your own broker about our policies to suit your needs.

WRITERS OF FIRE AND CASUALTY INSURANCE AND BONDS



COMMERCIAL UNION GROUP



NEW YORK

CHICAGO

ATLANTA

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HEAD OFFICES • ONE PARK AVENUE • NEW YORK 16, N. Y.

FIGHT RISING PRICES

SPENDING sends Prices Up

SAVING holds Prices Down

INSURING IS SAVING

MAIN STREET—Continued

The Harvey D. Gibson Trophy was won by the ski team of the National Bank of Commerce of Portland which team competed against those of the Leominster banks and the First National Bank of Boston. Manufacturers Trust Company was unable to enter a team because several of its best skiers are in military service.

The highlight of the affair was, as usual, the dance on Saturday night at Birchmont Club during which a buffet supper was served to all of the guests. Prizes were awarded by R. P. WILSON, vice-president, Manufacturers Trust Company, and ELIZABETH RANDALL of the Boston Safe Deposit & Trust Company of Boston was chosen ski queen.



People You Know

THE election of WILLIAM MOORHEAD VERNILYE, vice-president of the National City Bank of New York, as president of the Newcomen Society of England was reported recently from London. The society, a body of scholars, historians, and leaders interested in the background and development of the history of the arts, sciences, and civilization, has active organizations functioning in England, the United States and Canada.

GEORGE V. LAMONTE JR., son of the president of George LaMonte & Son, was on the U. S. destroyer "Brownson" sunk by Jap planes at Cape Gloucester, New Britain, December 27, during the landings of United States troops. GEORGE was among the uninjured survivors.

CINCINNATI bankers are taking a prominent part in the work of the Ohio Historical and Philosophical Society. Recently JOHN J. ROWE, president of the Fifth Third Union Trust Company was named curator; LAWRENCE BUCHER, vice-president of the Lincoln National Bank, treasurer; and HERBERT F. KOCH, executive vice-president of the Guardian Bank and Savings Co., secretary.

J. JOSEPH MAY, vice-president of the Morris Plan Bank of (Richmond) Virginia, has been awarded the United States Junior Chamber of Commerce gold key as the young man who rendered the most outstanding civic service in his home town during 1943.

R. A. VOSE, chairman of the board of directors, First National Bank & Trust

Company, Oklahoma City, was recently elected president of the bank, succeeding the late W. E. HIGHTOWER, who was killed in a plane crash on February 4. L. B. JACKSON, of Sapulpa, Oklahoma, a director, will succeed Mr. Vose to the chairmanship of the board.

According to a recent dispatch, MAJOR VINCENT S. BENNETT of the Army Engineering Corps, who in civil life is a director of the Rochester (New York) Trust & Safe Deposit Company, was awarded the Legion of Merit for his work as port engineer in North Africa.

The medal was accompanied by a citation signed by General Dwight Eisenhower.

CAPTAIN CORCORAN THOM, JR., son of President Thom of the American Security and Trust Company, Washington, D. C. has been awarded the Army Air Medal for his service as a bomber squadron combat intelligence officer in the Solomon Islands area.

MISS MARION G. REHFUSS, formerly with the Corn Exchange National Bank & Trust Company of Philadelphia, has

Your Atlanta Correspondent

...in the Post-War South

FULTON NATIONAL BANK
Atlanta, Georgia

MEMBERS: FEDERAL RESERVE SYSTEM - FEDERAL DEPOSIT INSURANCE CORP.

A Regional Bank With a National Outlook

AMERICAN NATIONAL BANK

at Indianapolis

Member Federal Deposit Insurance Corporation

received a lieutenant's commission in the WAC. She was chairman of the National Women's Committee, American Institute of Banking, in 1942-43 and also served as A.I.B. associate councilman for southeastern Pennsylvania and Delaware.

JOSEPH M. DODGE, president of The Detroit Bank, has been made chairman of the new War Contracts Price Adjustment Board, created under the 1943 Revenue Act. Mr. DODGE had been chairman of the War Department's Price Adjustment Board.



Miss Parsons



Miss Roberts

Two women have been promoted by the Citizens National Trust & Savings Bank of Los Angeles. Miss IRENE PARSONS, secretary to President H. D. IVEY

and of the bank's executive committee, has been made an assistant cashier. Miss MILDRED ROBERTS, former assistant cashier, has been elected a junior vice-president.

WINTHROP W. ALDRICH, chairman of the board of the Chase National Bank, New York, received the honorary degree of Doctor of Laws from Brown University at commencement exercises on February 27. The citation was based on Mr. ALDRICH'S work in the establishment of the National War Fund.

JOSEPH E. POGUE, vice-president of the Chase National Bank in charge of its oil department, is the author of "Must an Oil War Follow This War?" in the March *Atlantic Monthly*. Mr. POGUE, a petroleum engineer-economist, was assistant director of the Bureau of Oil Conservation in 1918 and during this war has been active in the work of the Petroleum Industry War Council.

Recent promotions at The Louisville Trust Company include: JOHN H. HARDWICK from treasurer to vice-president and treasurer; HUBBARD G. BUCKNER from assistant vice-president to vice-president; W. S. FARMER to assistant treasurer; WILLIAM L. JONES from assistant trust officer to trust officer.

EARL S. CRAWFORD, vice-president of the Industrial Trust Company, Providence, was recently elected head of the Providence Clearing House.

A. L. M. WIGGINS, president, Bank of Hartsville, Hartsville, S. C., and president, American Bankers Association, has been elected a director of the Atlantic Coast Line Railroad.

DONALD H. McLAUGHLIN, vice-president and director of Cerro de Pasco Copper Corporation, has been made a director of the Empire Trust Company, New York. Mr. McLAUGHLIN was formerly chairman of the Division of Geological Sciences and of the Department of Geology and Geography at Harvard, dean of the College of Mining at the University, and dean of that university's College of Engineering.

Any agent of any of these companies will be glad to assist you in keeping your property values and your insurance protection in balance.

IS YOURS OUT OF BALANCE?

Unless they have been recently checked, there is every reason to suspect that property values, due to the substantial rise in construction and replacement costs, may over-balance insurance protection, thus creating a serious case of under-insurance. . . . Cautious investors should be just as cautious of their real property investments, safeguarding them with sufficient insurance to value. . . . If your fire insurance policies have been in force for a considerable length of time, or even if they have not, we suggest that you ask your insurance agent or broker to check them and to correct them if necessary to give you adequate protection against loss. . . . Your insurance policies are investments that are soundest when giving complete coverage.

The SPRINGFIELD GROUP OF FIRE INSURANCE COMPANIES

W. B. CRUTTENDEN, President

SPRINGFIELD FIRE & MARINE INSURANCE COMPANY	SPRINGFIELD, MASS.
CONSTITUTION DEPARTMENT	SPRINGFIELD, MASS.
SENTINEL FIRE INSURANCE COMPANY	SPRINGFIELD, MASS.
MICHIGAN FIRE & MARINE INSURANCE COMPANY	DETROIT, MICH.
NEW ENGLAND FIRE INSURANCE COMPANY	SPRINGFIELD, MASS.

Prompt and Reliable

INFORMATION ABOUT CANADA

Through our 516 Branches in Canada, the New York Agency is in close touch with every phase of Commercial and Financial activity in the Dominion and is well equipped to assist and serve corporations, firms and individuals interested in Canada.

THE CANADIAN BANK OF COMMERCE

HEAD OFFICE . . . TORONTO, CANADA

S. H. LOGAN, President

A. E. ARSCOTT, Executive Vice President

S. M. WEDD, General Manager

NEW YORK AGENCY: Exchange Place and Hanover Street

Agents: C. J. STEPHENSON — E. H. MITCHELL

Mr. Wiggins

Mr. McLaughlin

86

BANKING

MORE BUREAUCRACY IS UNNECESSARY IN THE FARM MORTGAGE BUSINESS...

Now you can do something about Government competition by joining with the Equitable Society in service to Farmers on the NEW

APPROVED MORTGAGE PLAN

YOU CAN GIVE YOUR CUSTOMERS the best farm loan on the market today. Nowhere else can they get all these desirable features:

1. The Farm Income Privilege—the right to pay off any amount at any time from farm income. This money-saving provision is written into the loan agreement.
2. The Prepayment Reserve Plan—the privilege of laying away extra funds at *full interest saving* to pay interest and principal instalments when conditions are unfavorable.
3. Tailor-made Loan Plans—amortized loans for 20 to 40 years and straight term loans for 5 to 15 years—fitted to the needs of the individual borrower.
4. Four Percent Interest Rate—net to the borrower, no fees and no commissions. The borrower's only expense is for continuing the abstract and recording the papers.
5. Quick Service—approval can be given in 3 or 4 days. There is no red tape.

YOU CAN INVEST YOUR BANK'S MONEY in the loan for the first two years and have a definite agreement from the Equitable Society to take it over at the end of two years, or earlier on 30 days' notice.

YOU GET HELP IN SOLICITING LOANS and free appraisal service.

THE EQUITABLE SOCIETY IS THE FIRST TO OFFER THIS SERVICE TO BANKS . . . another example of the Leadership which gave Farmers The Farm Income Privilege, The Prepayment Reserve Plan and loans for 40 years at 4 percent. YOUR BANK WILL PROFIT BY BEING IDENTIFIED WITH THE LEADER IN THE FARM LOAN FIELD.

The Equitable Society is well equipped to handle business in parts of Ohio, Indiana, Illinois, Wisconsin, Iowa, Missouri, Oklahoma, Kansas, Nebraska, South Dakota, Minnesota, Oregon, Washington, Utah and Idaho. Extension will be made to other areas as conditions permit.

For further information on the APPROVED MORTGAGE PLAN you are invited to write

Thomas I. Parkinson, President

THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES

393 Seventh Avenue, New York City 1, New York

OUR 45th



YEAR

Successful Trust Promotion

"In less than 7 months, inquiries from 251 persons on mailing list of 750, 216 of whom came in person to the trust department — 48 wills, 24 of which resulted directly from our advertising."

Reports like the above prove that today's conditions give banks an unprecedented opportunity to develop trust business — and that Purse service will help you to make the most of that opportunity.

Inquiries and investigations are welcomed

The PURSE *Company*

Headquarters for Trust Advertising
CHATTANOOGA, TENNESSEE

BUY WAR BONDS

Easier Ration Banking

INTRODUCTION of the ration token plan by the Office of Price Administration resulted in a simplification of the entire rationing procedure and paved the way for constructive changes in ration banking operations, according to reports received by the Ration Banking Committee of the American Bankers Association.

A spot check by the committee in mid-March revealed that housewives, merchants and bankers considered the new plan a great improvement over the former system which involved the use of four stamps of varying point value. Merchants, particularly, were pleased with the way tokens speeded shopping in their stores. Many retailers declared that the tokens reduced the time consumed in handling each transaction by more than 60 per cent, and in addition eliminated the tedious hours after the close of business that formerly went into counting and sorting the stamps and keeping the records straight.

Proprietors of some of the larger food markets expressed the belief that the use of five-point tokens would increase the speed with which their clerks could make change. Manufacturing difficulties, however, preclude the possibilities of immediate action on this suggestion.

DESPITE the OPA's tardy and somewhat inadequate educational campaign regarding the use of the tokens, the average consumer managed to get along very well during the initial operation of the plan. Many banks and trade groups provided the necessary publicity and it was not long before the housewife understood the new values placed on stamps and was familiar with the use of tokens as change.

Many women, however, criticized the size of the tokens declaring that the small, light discs were too easily lost once they became mingled with keys, money, lipsticks, vanity cases, handkerchiefs, pencils, and the innumerable other gadgets that the average man believes the average woman carries around in her purse. This same criticism was echoed by everyone who has anything to do with the tokens and the

The National City Bank of Cleveland told the story of ration banking with this window display



wish was often expressed that they were larger and heavier.

The small size was made necessary when the OPA made a bad guess at the number of tokens that would be needed and when confronted with more accurate estimates found itself forced to reduce the original size in order to obtain a larger quantity because of the limited amount of fiber then available for this purpose.

Bankers generally agreed that the token plan would result in improvements in ration banking. They saw that by using a single stamp with a 10-point value instead of the former method which employed four different stamps with values of 8, 5, 2, and 1, respectively, more than 60 per cent of the number of stamps that formerly crossed the teller's counter would be eliminated.

They also look forward to relief from the unsatisfactory and burdensome verification requirements that the OPA put in effect last Summer.

Banks experienced little difficulty in distributing the tokens to their ration banking customers. Merchants who did not maintain ration banking accounts, however, were usually slow in obtaining their tokens. Foresight on the part of the banks in ordering a surplus supply usually prevented this situation from working a hardship on the small merchant.

A bulletin issued by the Ration Banking Committee shortly after the distribution of the OPA memorandum covering the token operation clarified the OPA instructions and provided additional information which facilitated the initial operation of the plan.

In this bulletin the committee reported that it was working on recommendations for readjustment of the reimbursement schedule to include operations which resulted from the introduction of the token plan. During March the committee conducted cost tests and made surveys to obtain factual information which could be used as a basis for negotiations with the OPA. It is expected that the new reimbursement schedule will be announced in April. The fees will be retroactive to the start of the program.

J. E. D.

A.I.B. Blood Donors

THE blood donor campaign in the American Institute of Banking, as announced by National President David Colby, is now well under way in many local chapters.

Outstanding among the reports received to date was that of Detroit chapter. Kenneth Patton, vice-chairman of the A.I.B. Public Relations committee, who led this program in Detroit, reports that by early March 1,080 of the 4,700 bank employees in his city had agreed to contribute blood. Arrangements were made with the Detroit chapter, American Red Cross, to make available its mobile unit to the outlying Michigan chapters.

Under the leadership of George R. Herzog, vice-president of the Union Bank of Commerce, and long active in Institute affairs, Cleveland Chapter has conducted a successful blood donors' campaign. As of March 15, a total of 668 pledges were received, and the campaign was not over. According to

D. James Pritchard, chapter president, six pints of blood per day have been pledged until the war ends.

Los Angeles Chapter sponsored a blood donors' campaign from March 16 to 31. A.I.B. consuls in the various banks were assisted by Red Cross volunteer workers who visited all banks and branches in the Los Angeles area during the two-week-period.

San Francisco and Oakland chapters were among the leaders in sponsoring blood donor drives. San Francisco's first campaign was held last Summer, when over 900 pledges were obtained from San Francisco bank workers.

Several other chapters are making plans to participate in this nationwide campaign to encourage bank employees to sign up to help the Red Cross.



The farmer of tomorrow

Today the whole world watches him anxiously in his struggle to ease the hungry calls for FOOD. The war has served to bring out his importance but this importance itself is nothing new, for agriculture has always been the foundation stone of our nation.

The needs of the future mark the farmer as a man with a mission.

We now know that there has never been enough food for all . . . that so-called "surpluses" were the result of poor distribution. The farmer must not only provide enough to give millions more people a proper diet, but also enough to keep pace with the demands of a continually rising standard of living, and an industry which will use more and more products of the farm.

And while the world of the future gives greater tasks to the farmer, it will also give him a steadily

rising standard of living by providing an expanding market . . . a more dependable market . . . more assurance of a profit for a job well done.

As the farmer works the soil so that it bears more and more, he, at the same time will carefully preserve its wealth and prevent erosion. He realizes that he simply holds the land in trust for the welfare of the nation and will increase the soil's richness for succeeding generations.

To attain his full, just place in the world the farmer must first have MODERN FARM MACHINERY.

For these reasons, The Farm Machinery Dealer of the future may well be the leading business man in his community. Bankers, too, can serve and profit in this development.

Get all Scrap into THE BIG SCRAP NOW!
Back the Attack—Buy War Savings Bonds and Keep 'Em.



MINNEAPOLIS-MOLINE POWER IMPLEMENT COMPANY

MINNEAPOLIS 1, MINNESOTA, U.S.A.



Policing Corporation Accounts

WILLIAM A. McDONNELL

MR. McDONNELL is chairman of the American Bankers Association's Bank Management Commission and executive vice-president of the Commercial National Bank, Little Rock, Arkansas.

A PROBLEM which has been receiving the attention and study of the Bank Management Commission of the

American Bankers Association arises out of the practice of corporations' requesting banks to police their accounts. This policing assumes several forms, of which the following examples (actually reported by banks) are a few:

Types of Policing

(1) A corporation stipulates that its

checks up to \$500 require only one signature; those over that amount require two.

(2) Certain officers of the corporation may sign checks up to a certain amount, while different officers must sign checks above that amount.

(3) A wire must be sent the head office of the company if the local branch doesn't make a deposit each day.

(4) Some companies restrict the nature of funds that a bank may credit to an account.

(5) A clerk of the corporation may sign checks not over \$15 payable to specifically designated individuals or companies, but these checks must come into the bank through a deposit or the clearinghouse. They must not be cashed.

(6) One company specifies that checks up to \$5,000 marked "S.W." may be signed by the manager.

Liability

Some banks may accept an account of this kind as a convenience to the customer without realizing the possibility of liability which it incurs if it fails to observe the instructions of the corporate resolution. This is an unwarranted liability which preferably should be avoided entirely, or, if assumed, should be limited and made the basis for special compensation.

Responsibility in the Wrong Place

A high degree of care is required by tellers and bookkeepers to comply with special instructions of this kind, where, in addition to their normal duties of checking signatures, endorsements, dates, and amounts, they must also keep in mind or check other special instructions for handling items. In times like these, with personnel turnover such as it is, the responsibility in many instances is resting on relatively inexperienced employees in the bank's lower pay brackets, whereas it should be the responsibility of the corporations' own officers or employees.

Insurance Coverage

There is also the question of insurance coverage. Here a bank is at a disadvantage because it cannot protect itself against loss by insurance against unauthorized signatures, whereas a corporation can. A corporation's fidelity



LITTLE PARTS THAT MAKE A GREATER VICTORY

JUST as each of the thousands of small parts in a great bomber is vital to its operation, so are the thousands of smaller manufacturers who produce those parts essential to the operation of America at war. Doubtless in your area there are prime contractors and sub-contractors who have assumed greater responsibilities, requiring larger scope than in former years.

As an aid to correspondent banks in serving such customers, the broad experience of the American National Bank and Trust Company in the analysis and financing of war contracts has frequently proved valuable. Possibly we can be equally helpful to you.

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

LA SALLE STREET / AT WASHINGTON
Member Federal Deposit Insurance Corporation

OUR BUSINESS IS TO HELP BUSINESS

bond protects it against loss from misappropriation of funds by its own officers and employees whether or not it has limited in any way their power to sign checks. On the other hand, the forgery clause of a bank's blanket bond covers forged endorsements but the fidelity insuring clause does not protect it against losses through honest mistakes of its officers or employees, such as the payment of a check in excess of the limit allowed the corporation's signing officers.

Recommendation

The Bank Management Commission believes that banks should avoid responsibility of this kind with its possible liability, and recommends that banks discourage the practice. If a bank does agree to perform such a service, it should limit its liability as much as possible by special agreement, and it should be compensated by balances in the account or by a special service charge sufficient to cover its risk plus the additional work required in having an officer handle or supervise the account.

Taxes

CONGRESSIONAL tax deliberations are under way as we go to press. This time the object is solely to make the taxpaying process simpler for the individual taxpayer. Most taxpayers do not agree with "Quizkid" Joel Kuperman when he says that the present tax form is just a little simple addition, subtraction and multiplication. So Congress is trying to make it simpler.

The Ways and Means Committee is looking for a formula that, without loss of revenue to the Treasury will combine normal tax, surtax, and Victory tax into a single levy, with one base and one scale of rates. If possible, the committee wants to make it unnecessary for millions of smaller taxpayers who are subject to withholding tax to file a return.

Hearings on taxation and small business have been under consideration by Representative Wright Patman, chairman of the House Small Business Committee. The Treasury Department for some time has had under way a study of post-war problems of business taxation. Roy Blough, the Treasury's director of tax research, holds that business cannot continue to be taxed at present levels very far beyond the end of the war. He believes there must be not only substantial reductions in rates after the war, but also reorganization, to avoid double taxation of stockholders.



YOU remember a firm and friendly handclasp. To stand out, your letters must convey the same sincere greeting. Have you looked at *your* letterhead lately? . . . is it flimsier? . . . is it grayer? Then turn to *Anniversary Bond*! Made 100% from non-critical, clean, new *all-rag* cuttings — unaffected in color by the chemical shortages caused by war — *Anniversary Bond* is the

one kind of paper as crisp, as brilliant looking and as permanent as ever. You spend dollars of time on *what* you write . . . spend only a fraction of a cent more to *make* it right.



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The Elements of Banking

V. CLEARING OPERATIONS

"Fundamentals of Banking," an A. I. B. text-book, source of this material, gives the practical, day-to-day operations of a bank.

CLEARING may be defined, broadly, as the offsetting of counterclaims

and the liquidation of resulting balances. The clearing process may be applied to claims other than checks and is used extensively in many lines of business. In the field of banking, two types of clearing within the country may be distinguished, local clearing

and nationwide clearing. Through common usage, however, the term has taken on a restricted meaning. Thus in banking, *clearing* means the daily exchange of checks between local banks and the settlement of net balances. . . .

The objectives of a clearing arrangement are threefold: (1) to dispense with the costly and cumbersome process of individual presentation of checks by messenger, (2) to substitute a single settlement for the many interbank settlements that would be required under the messenger system, and (3) to reduce cash payments for debit balances by using other means of settlement.

Operations of a Clearinghouse

The voluntary association formed by banks for the purpose of facilitating the exchange of checks and the settlement of balances arising out of that exchange is known as a *clearinghouse association*. Since the association is entirely voluntary, the rules adopted by its members are its only source of authority. These rules are enforced by a series of fines, with expulsion from the association as the maximum penalty. . . .

. . . Each bank sends two representatives to the clearinghouse; a *clearing messenger*, who makes the actual exchanges, and a *settlement clerk*, who keeps a record of the exchanges both for and from the other banks.

Representatives of the banks arrive at the clearinghouse, bringing the packages of checks which are to be exchanged. As each clearing messenger enters, he gives the manager a memorandum of the total of his bank's exchanges. . . .

When the signal for making the exchanges is given by the manager, . . . each clearing messenger distributes his bank's packages of checks to the banks on which they are drawn, while each settlement clerk remains at the desk provided for his bank. Thus every bank receives the checks drawn on it in exchange for the checks drawn on other banks.

As the batches of checks are received, the settlement clerk enters the total for each bank on his settlement sheet in the column headed

(CONTINUED ON PAGE 94)



When you think of Cleveland..



It may be in connection with shipping, railroading, ore, manufacturing . . . or a dozen other activities for which this industrial city is noted. Whatever field of Cleveland commerce you may name, you will find Central National Bank of Cleveland working side by side with its members. Our contacts here have been built up during 54 years of such collaboration. Perhaps this long experience can help you. Your inquiry is invited.

CENTRAL NATIONAL BANK
of Cleveland

12 CONVENIENT OFFICES . MEMBER FDIC

"I charge you with this responsibility

... when you return to your homes, make it your business to talk to everyone you meet—farmers, businessmen, professional men and government leaders. Tell them that unless farm prosperity is built upon fair prices and lower and lower farm production costs, any improvement in the standard of living in the city or on the farm will be wiped out by an inevitable rise in all prices and eventual death of the soil. This responsibility should be your first concern—you should consider it even more important to the future of your businesses than the sale of the product . . ."

THIS IS WHAT MR. HARRY FERGUSON, OF HARRY FERGUSON, INC., TOLD HIS DISTRIBUTOR ORGANIZATION at Dearborn, Michigan, December 15, 1943. It is a plan of action of such importance to everyone that we feel it is worthwhile to pass it along.

It is only necessary to turn our eyes to India, to China, to the Near East, and with a great deal of reluctance to some sections of America, to see the full impact of an agriculture that is ill—ill with the strangled effect of costs so high and returns so low that the farmer has little left for his labor, nothing to put back into the soil.

Lower farm production costs must be achieved in the same manner they are achieved in industry—by constantly improving machines and methods and driving

production costs down and down. The farmer, too, must reap a return from lowered production costs sufficient to enable him to meet soil depreciation charges as fully as factory depreciation charges are met by any successful manufacturer. Otherwise, agriculture, as an industry, must surely die, as it has in some parts of the United States. All of us will pay the price.

If by word, by act or by any way opportunity presents, you can lend your influence to help lower farm production costs, you will be taking an active part in handing back to America a healthy and a permanent agriculture. All of us will reap the benefit.

HARRY FERGUSON, INC., Dearborn, Michigan
The FORD TRACTOR with FERGUSON SYSTEM and FERGUSON IMPLEMENTS
are making it possible for whole families to raise food for freedom



ELEMENTS OF BANKING

(CONTINUED)

Credit C. H. As soon as all the credits are entered and totaled, each clerk gives the clearinghouse manager a memorandum showing the total of the checks from his bank brought to the clearinghouse, the total of the checks received from other banks, and the difference between the two amounts. The clearinghouse manager enters these figures in the appropriate columns on the clearinghouse proof.

When the proof sheet has been completed, the clearinghouse man-

ager "calls back" the figures to the individual banks. If the figures balance, he announces that fact. If they do not balance, the manager states the amount of the difference, and the settlement clerks check over their work until the error is located and corrected.

Banks having debit balances are required to make payments to the clearinghouse manager at an agreed hour later in the day for the amounts owed by them. The manager distributes the receipts to the banks having credit balances. Payment of amounts owed and collection of

receipts are at a scheduled hour.

In larger cities the clearinghouse association maintains a permanent force and quarters specially equipped to facilitate exchanges. . . .

In former years debit balances were usually settled by cash, but this practice is now uncommon. Settlement may be made in various ways; through a clearinghouse settlement account maintained with one of the local banks, by drafts drawn on accounts maintained with banks in some large nearby center, or by drafts drawn on the Federal Reserve bank or branch of the district.

Still another method of settlement, known as a *wire clearing balance*, is in common use. Through the facilities of the Federal Reserve System, the clearinghouse association wires (in code) to the Federal Reserve bank of its district the debit and credit balances of the clearing banks as soon as the exchanges have been completed. The balances are then debited or credited, as the case may be, to the reserve accounts which these banks carry with the Federal Reserve bank. Thus settlement is effected merely by entries on the books of Federal . . .

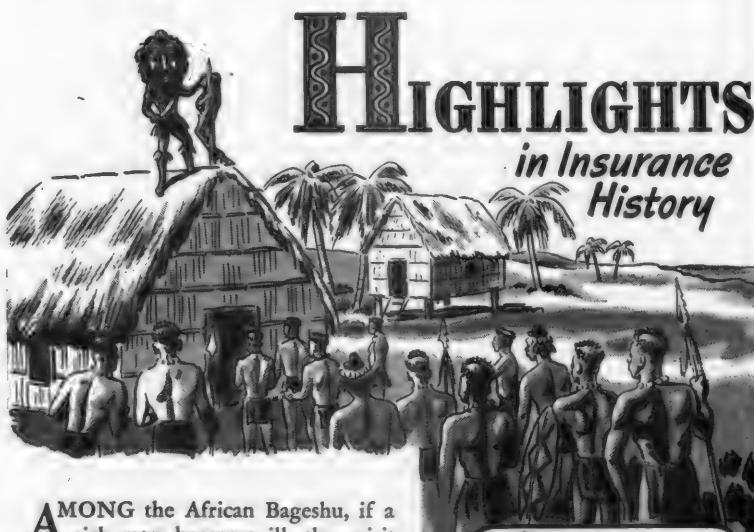
Organization for Clearing Operations

Whether a bank maintains a special department for clearing operations depends on its size and on the volume of exchanges handled daily. In small banks an organized department is unnecessary. A frequent arrangement is to have the receiving and paying tellers "run up" the day's out-clearings, sort and charge them, and do all the work of preparing the items for exchange. A messenger or settlement clerk then makes the actual trade at the clearinghouse. This clerk, on returning the in-clearings, may be assisted by the tellers in the work of charging and sorting the items to the bookkeepers, or the bookkeeping department itself may handle the in-clearings. . . .

In-Clearing Procedure

. . . If the proof discloses an error in the listing of an amount, the in-clearings staff usually checks immediately with the sending bank to arrange for correction of the total, but if missorts (that is, checks drawn on other banks which have been cleared in error) are found, they are charged to the bookkeeping department along with all other items received in the clearings. . . .

The return item teller attaches a printed *return slip* to each item that is sent back, checks or underlines the appropriate notation to indicate what is wrong. . . .



AMONG the African Bageshu, if a rich man becomes ill, the spirit which is believed to be causing the illness, must be appeased. Thus a small hut is built near the sick man's house in honor of the spirit, a goat or cow is killed, and some of the meat and blood are put into the hut.

The medicine man then climbs to the top of the house where a large piece of meat has been placed on a spike, cuts the meat into small pieces, and tosses it among the people who have gathered for the ceremony. The people snatch it up and eat it. In this manner, the illness is distributed among a large number of people who suffer no ill effects, while the sick man recovers.



This and other ancient methods of spreading the ill fortune of the few among the many, in order to eliminate disaster, finds its present application in the fundamental principle of distribution of risks—the basis of modern insurance.

National Union and Birmingham

FIRE INSURANCE COMPANIES
PITTSBURGH • PENNSYLVANIA



LEFEBURE Business Equipment



LEFEBURE OPEN-SIDE WOOD LEDGER TRAY

Open-side, space-saving construction permits clear vision to bottom of sheet. Corduroy padded base keeps sheets from creeping or sliding down in tray. Keeps bottom edges of sheets smooth. Flat, adjustable side rails hold sheets in perfect alignment. Side rail adjusts to offset position, also drops down flush to base for "stuffing" ledger. Shown in normal position above. Durably made, attractively finished and easy to operate. Six standard size trays available for immediate delivery.

Now Available To Help
Short-Handed Businesses

Do More Work—Lessen Fatigue
Reduce Errors—Build Prestige

Modern LeFebure space and time-saving design and ease of operation have made this quality business equipment the favorite of business men and bankers all over America. It is easier to use, also helps lessen fatigue and reduce errors. This equipment does not require a priority and is available for immediate shipment.

IMMEDIATE DELIVERY



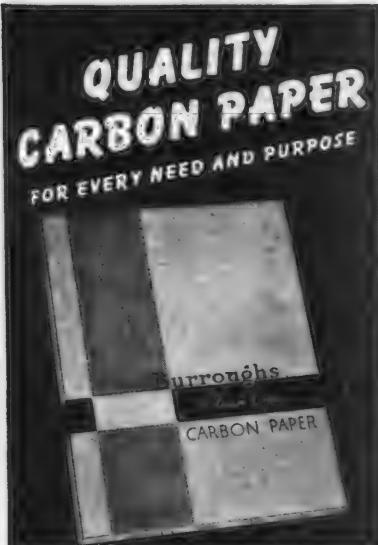
LEFEBURE OPEN-SIDE WOOD LEDGER TRAY AND STREAMLINED POSTING STAND

Ledger tray available separately as described above. Or with streamlined wood stand as shown at right. Stand has wood flange around edge to hold tray in position. Has correct size top to fit any of the six standard size trays. Available in any desired fixed height. Securely braced and bolted to withstand hard usage. All casters are swivel type with hard-rubber composition wheels and self-lubricating axle bearings. Standard finish on both trays and stands is olive green.

Write at once for free folder and information sheet on the six standard size trays and stands available. Include sample of your ledger sheet. Special sizes and finishes available on special order.

LEFEBURE CORPORATION

ORIGINATORS and MANUFACTURERS, CEDAR RAPIDS, IOWA



Save time . . . save money . . . be sure of best results by standardizing on Burroughs for every carbon paper requirement. An order for as little as \$10 worth of Burroughs Clean-Copy Carbon Paper gives you a discount of 10% through Burroughs Discount Purchase Plans. You can save up to 40% on larger orders. Get the facts from your local Burroughs office today, or, if you prefer, write Burroughs Adding Machine Company, Detroit 32, Michigan.

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CENTRAL SOUTH

**Bankers
and Industrialists**

Will find their relations with this bank helpful in the efficient handling of their banking business in this inner defense area. We invite an opportunity to serve you.

A Key Bank in the Central South, with Capital Funds over Eight Million Dollars

**AMERICAN
NATIONAL
BANK**

Member Federal Deposit Insurance Corporation

Is Protesting a Relic?

(CONTINUED FROM PAGE 29)

out-of-state item, I would henceforth discontinue accepting such items from my customers."

Country banks have taken the lead in giving expression to the will of their communities in this connection, as the cash-letter instructions of many of them say "No protest unless otherwise instructed by us." Cash letters of large city banks generally hold to the standard instructions of calling for protest on dishonored items of \$50 or over payable out-of-state. I am told, however, that many of their customers, such as insurance companies, department stores, public utilities and others, are not at all in accord with the rule and have given instructions not to protest any of their deposit items regardless of amount.

The Remedy

Reverse our present procedure and have all correspondents and Federal Reserve banks handle transit items on a no-protest basis unless stamped "protest." The occasions for this would be so rare that a customer would probably want such items handled as straight collections, thus removing them entirely from the "cash item" bracket.

Amend the Negotiable Instruments Act on protest in line with the recommendation before the Bank Management Commission of the American Bankers Association; and have a uniform agreement between all banks not to protest transit items unless specifically requested and send a notice to each customer of the new method. This is, of course, the simplest method of bringing about the desired result, and was the one used in 1939 when protest instructions were last revised.

Benefits from Changed Procedure

Elimination of disputes with customers over protest fees and safeguard public relations. There are several court decisions with respect to protest practices by banks, which, if publicized, could be damaging to them as a class. This applies particularly when a notary performing the protest is a member of the bank's own personnel. Should a bank use protest fees primarily as a means to increase its revenue or the salary of one of its employees, it might be subject to criticism by the "depositing public."

Speeding up the presentation of items. I am told that often one whole day is lost on transit items because the process of rubber-stamping them "No Protest" in accordance with customers' wishes

cannot be completed before the Federal Reserve bank's closing time or in time for various mailing schedules.

Elimination of possibility of losses on protest fees due to clerical errors in rubber-stamping. Thousands upon thousands of items must now be stamped, whereas under the suggested plan hardly any items would require stamping. The saving in labor would be considerable, particularly in large city banks. It is conceivable that the number of clerks in the transit departments in many banks could be reduced.

Finally, under the present situation, I believe that banks are no doubt daily incurring unknown liability. This is due to the fact that with a heavy turnover of personnel, and with inexperienced help, out-of-state items are sometimes not recognized as such, and instructions with respect to protesting are not strictly followed. How many of us have received slips from our correspondent banks stating in effect as follows: "Your failure to protest this item discharges the liability of prior endorsers and we will hold you responsible unless we are able to collect from the negotiating bank."

After a careful consideration of this subject, can we truthfully subscribe to the argument that protest is profitable and is a protection?



Rear Admiral Emory S. Land, right, head of the Maritime Commission, told the House Foreign Affairs Committee that our merchant marine was bigger than that of all the other United Nations combined and that it should be preserved after the war. Left, Representative J. P. Richards of South Carolina



PRESS ASSOCIATION
BANKING

Inflation Cloud

(CONTINUED FROM PAGE 31)

not yet clear what the Fahey-Twohy supervision has accomplished.

Government officials do not think that the excessive appraisals-excessive loans trend is nationwide. They seem convinced that it's a spotty matter.

That is what I and most mortgage bankers thought until the Mortgage Bankers Association of America recently made a survey to find out. This study wasn't the most complete that could be made on the subject, but it was comprehensive enough to show that in 100 principal communities in 40 states this tendency to boost the appraisal to get the mortgage financing has become a disrupting influence in the mortgage market. The trend is nationwide, all right, in the sense that you will find evidences of it almost everywhere—which I do not think was true as late as a year ago. But it is a good deal more serious in some cities and sections of the country than it is in others. In one of the largest cities of the country, mortgage bankers don't know what you are talking about when you discuss the matter with them; but that's the rare exception because in almost every other city I know of, mortgage men are complaining that some lenders have thrown caution to the winds, are following the rising real estate market up and lending money on present day values—just as if they will continue forever.

And the solution for the problem? I'm waiting to hear it and so are mortgage men all over the country who now rate this problem as the most serious they have to contend with. The life insurance companies' contribution to the trouble probably isn't important enough to be a big factor because they are already under rather strict regulation. Individuals, who are making a greater and greater number of mortgage loans, can't be reached very easily but I suspect that a good part of the trouble rests with them. Banks and the savings and loans associations, which are recording well over half of the mortgage loans now, will have to stop and ask themselves: "What is the real value of this property?"

As far as the latter group is concerned, some have suggested that they adopt the FHA appraisal system. That might seem logical at first glance but these associations are very local in character and contend—and rightfully so I suppose—that their local managers know best as to what lending policy should be followed in their own local communities.

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FRED I. KENT, chairman, and Paul F. Cadman, secretary of the Commerce and Marine Commission of the American Bankers Association, represented the Association at the National Postwar Conference in Atlantic City sponsored by the National Association of Manufacturers. The meeting was attended by 51 spokesmen for 16 national organizations representing organized capital, labor, agriculture, commerce, transportation, public service and other civilian interests.

A primary aim was to explore the areas of agreement among these groups and to give each side an opportunity to express its viewpoint. These leaders agreed on a statement of policy to inaugurate their common effort, in which they declared their "joint responsibility" for preventing in the post-war period "mass unemployment, ruinous farm prices, violent ups and downs of business, monopolistic practices in any field, socialization of business, and a government-planned economy of the nation."

PARTICIPANTS were encouraged by the fact that although long-standing differences of opinion did crop up during the two-day session, as the various organizations discussed their diverse concepts of America's post-war economy and what steps should be taken to attain it, instead of disrupting the conference, these differences were listened to in a spirit of reasonableness.

Mr. Kent was a member of the organization committee and helped prepare the agenda. His contribution to the discussion reflected a wide familiarity with post-war planning, a subject to which he has devoted himself for many months. His membership on certain key organizations, together with his Washington contacts, enabled him to set forth much of the best thinking which has been done in this field to date.

The success of the conference led to the adoption of a definite plan for continuing the National Postwar Conference organization and it is anticipated that several meetings will be held annually at regular intervals. Mr. Kent will represent the American Bankers Association on the permanent organization committee.

A JOINT statement approved by the National Postwar Conference at the conclusion of its Atlantic City meeting stated in part:

"In addition to recognition of this

joint responsibility to the men in the armed forces, the delegates present also recognized their joint responsibility and opportunity to assist in solution of the many serious problems which confront the nation now and later.

It is the unanimous conclusion of the conference that the highest degree of prosperity and employment is assured when wide-spread buying power of the public, based on the production of goods and services, is maintained. It is further agreed that over any long period of time no one group can be prosperous unless the other groups are also prosperous. By working together the groups represented at the Conference can provide improved opportunity for all. We believe it is possible to make democracy work more effectively by groups getting together voluntarily, as a part of their responsibility to society as a whole. It can be done, and we are optimistic as to the future of America. Our economy must be judged by the measure of opportunity it provides for all our citizens.

"Therefore, with reference to post-war objectives for America we favor—

An economy of plenty instead of scarcity.

An opportunity for people to have jobs and increasingly better living standards and educational advantages.

An opportunity for people to save and invest.

"These goals mean that mass unemployment, ruinous farm prices, violent ups and downs in business, monopolistic practices in any field, socialization of business, and a government-planned economy for the nation must be avoided. The desired objectives can be brought about by united cooperative action and understanding among all of the country's major economic groups, as producers and consumers. If we fail to do these things together, then the task will fall upon the Government.

AMONG the subjects to be considered at future conferences are agricultural problems, capital and credit, currency and stabilization, distribution of products, financing social security, foreign trade, reconversion, including the problems of contract termination; renegotiation; disposition of government-owned plants, equipment and supplies; and surplus agricultural products and taxation.

Action on the Home Front

(CONTINUED FROM PAGE 50)

ing of their neighbors, cross-check these reports, and follow up with continuous systematic go-see visits by bank officials. He names the merchant, the doctor, the school teacher, the substantial farmer in each community as reliable sources of credit and character information.

Bailey meets with his junior officers at 7:30 every morning in the bank. They go over the loans, new accounts and other routine business. Then these officers, instead of parking themselves behind their shiny desks, climb into pick-up trucks and scatter out through the countryside to visit with the farmer-customers of the bank. They learn at first hand what the farmers are doing, and are ready with information and advice about individual problems. Or, if a farmer needs a loan, they talk it over right there on the ground.

Bill Bailey, now in his 60's, is tall, burly, white-headed, strong-willed—a dynamic homespun prophet with honor in his own country and in his own pro-

fession. When The Graduate School of Banking of the American Bankers Association holds its annual Summer session at Rutgers University, in New Brunswick, New Jersey, this rural oracle from a Tennessee town of 12,000 population draws a large and respectful hearing.

In 1940, 120 bankers came on a special excursion train from Alabama to visit him and study at first hand what he and the "Four Pillars" had done for Montgomery County. The following year 80 bankers from Louisiana, Mississippi and the Carolinas made the pilgrimage, toured the countryside with him and went home converted.

As one of them put it, "The South has all the elements that have made great and prosperous civilizations: mineral wealth, fertile soil, a long growing season, favorable climate—and yet the South is the poorest section of our country. Obviously what we need is more economic statesmen with the practical vision and enlightened self-interest of Country Banker Bill Bailey."

War Production Loans

MORE than \$8,400,000,000 of war production loans and commitments by 436 of the nation's larger banks were outstanding on Dec. 31, 1943, according to the semi-annual report of war lending activity prepared by the American Bankers Association.

The survey shows that bank loans and commitments for financing the manufacture of armaments and war supplies increased \$1,511,260,000 during the last half of 1943.

Of the total outstanding at the year-end, \$678,891,000 was for construction of war plants and factories, and \$7,746,986,000 for the purchase of raw

materials and other production expenses.

The war plant construction total represents a slight decline below the amount outstanding at the end of the first half of 1943, but the figure on loans and commitments for production of war supplies and equipment is an increase of \$1,508,985,000 over June 30, 1943.

The decrease in plant construction loans, coupled with the large increase in loans for production of war supplies and equipment, reflects the fact that need for the construction of new plants and factories has long since passed its peak and that a sharply increased amount of war materiel and supplies is now rolling from the factories financed by loans from the banks.

At an invasion rehearsal in England—General Eisenhower, Air Chief Marshal Sir Arthur Tedder, General Montgomery



PRESS ASSOCIATION

Federal Reserve Book

The Board of Governors of the Federal Reserve System has published *Banking and Monetary Statistics*, a volume which makes available on a uniform basis, statistics of banking, monetary and other financial developments of past years. Most of the financial series for which current data are published in the Federal Reserve Bulletin are included. Others of historic interest are also shown.



Plan to LIVE in ST. PETERSBURG Florida



MANY people who today are engaged in war work are doing some personal post-war planning. They are looking forward to the time when they can establish their retirement home in some pleasant community.

Now is a good time to do such planning. Now is a favorable time to get information about sunny St. Petersburg, the ideal retirement home community.

St. Petersburg offers a remarkable combination of pleasant year-round climate, beautiful sub-tropic setting, and moderate living costs.

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When You Start to Speak

IT HAS been emphasized that one of the most effective ways of opening an address is to give an illustration or story that is directly related to the subject. Just recently Senator Brewster of Maine gave an

excellent example of this method when he began an address before a thousand middle western executives. The Senator was a member of the committee of five senators who made an extensive inspection trip to the far-flung fighting fronts on which our flag flies. He was to discuss this trip. He opened his speech as follows:

"I escape as frequently as possible from the artificial and highly hectic atmosphere of Washington because if one did not I am quite sure he would lose all grasp of realities. When new arrivals come into the departments down there they say: 'You don't have to be crazy to work here but it helps'".

"I wasn't just clear why they sent a down-east Maine Republican on this trip around the world . . . until I got to the coldest spot in our trip, which, curiously enough, was not over the ice-cap of Greenland but was over the equator at 10,000 feet on our flight from Ceylon to Australia, a 3,200-mile flight that had never been taken by a land plane before, as we learned after we took off; whether the Army thought five senators were a good bunch to experiment with I don't know, but that proved to be the case, but they would have lost because there were three Democrats and two Republicans so we would have gained even if they lost us.

"I was assigned to the upper bunk as that is all a Republican now draws. About 2 o'clock in the morning at the coldest spot on this trip, down there over the equator I heard a plaintive voice from the lower berth occupied by my good comrade, Jim Meade, from New York say: 'Ralph, won't you come down in this berth with me and get me warm?' . . . I want to assure you that I got as much Democratic warmth out of him as he did Republican warmth out of me. There was one place I believed in reciprocal trade."

With these pertinent and humorous introductory remarks Senator Brewster assured the success of his speech.

Sometimes a speaker may ask a challenging question as his introductory statement. For example, a state bank commissioner asked, "How can the country banks of this state increase their income?" That was a question of the deepest interest to every banker in the audience.

Another excellent method of beginning an address is to state facts at the

outset which show the importance of the subject to the welfare of the audience. Senator Walter George of Georgia recently began a speech over a radio network as follows:

"During the month just ended, our Federal Government spent nearly \$7½ billion. Excluding Christmas Day and Sundays, this was an average of about \$287 million each business day, or approximately \$36 million for each working hour. Over 90 cents of every dollar spent in December went to pay war costs." Then after pointing out that we must levy as heavy taxes as possible, he said, however, that the power to tax is the power to destroy, continuing:

"In the period from 1936 to 1939, prior to the start of our defense and war programs, a married person with two dependents having a net income of \$4,000 paid an annual income tax of \$12. Today such an individual pays \$484.97 on the same size income. For the years 1944 and 1945, assuming no change in income, the tax will amount to \$532.22 because of the required payment of the unforgiven tax. This represents an increase of \$520.22 or approximately 4,335 per cent." His audience knew the importance of those facts to their welfare.

Finally, a speaker may begin with a significant literary or Biblical quotation or a comment from some other person that is related definitely to his subject. An aptly chosen quotation gives character to the opening remarks of a speech.

Some Epigrams

A PRUDENT man today is one who never asks the waitress what a Salisbury steak is.

It is easier to win a seat in Congress now than to get one on any train.

We understand some savage tribes in Africa pay no taxes. Then what makes them savage?

In dealing with post-war Europe it may be well to remember that empty stomachs are never the foundation for stable governments. An empty stomach is not interested in listening, even to wisdom.

When a man has something to lose in life that he earned, he becomes a conservative; when he has nothing to lose in life that he earned, he becomes a radical.

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L. H. LINDEMAN
Treasurer

February 16, 1944

EXECUTIVE WANTED

A California institution is seeking an executive officer who is a university graduate and has had at least five years experience in Trust Banking preferably. Box A, care of BANKING, 22 East 40th Street, New York 16, New York.

He was the kind of fellow who believed in observing the gas coupon regulations, but not to the point where he was bigoted on the matter.

If we had had today's taxes a generation ago, the world would never have heard of a guy named Horatio Alger. His books would now read "From Riches to Rags."

When the United States decided on lend-lease for this war instead of foreign loans, it may be that someone recalled the old advice of Sir Philip Gibbs: "It is better to give than to lend, and it costs about the same."



"I imagine he's from some local board. He wants to make a draft on the bank"

Your Reading

Bank Insurance

DIGEST OF BANK INSURANCE. *Insurance and Protective Committee, American Bankers Association*, New York. 153 pp. \$1.

THIS is the third revision of the popular Digest, published in looseleaf binder form so that new material can be supplied conveniently from time to time. The current revision consists of 79 new pages.

Comments on the experience rating plan for computing blanket bond premiums are brought up to date, including the changes effective November 1, 1943, when credit percentages were doubled. Methods of apportioning amount of bonds between broad primary and narrower excess forms, and possible economies, are explained.

Discussion of registered mail insurance covering non-negotiable securities is revised and reference to the obsolete form has been deleted. The fire insurance section has been brought up to date. Advantages of the 1943 policy form are emphasized; so is the importance of extending its use beyond states where it has already been approved.

Grantors' protective liability insurance, a new coverage, is reported as now available gratis with owners', landlords' and tenants', and other public liability policies. Additional companies licensed to write American Bankers Association copyrighted contracts are listed in the Digest. The index has also been revised.

In addition, the new pages give effect to all changes which subscribers were requested to make by notation last June when the pages of the second revision were furnished.

Post-War Plans

PLANNING FOR ABUNDANCE. By Robert R. Nathan. McGraw-Hill. 228 pp. \$2.

MR. NATHAN, former head of the War Production Board's planning committee, tackles our post-war prospects from the major premise that full employment and sustained high production levels are essential to the continuance of free enterprise. The basis of our planning must be the provision of markets for goods and services. While competition should be encouraged so that products and techniques can be improved constantly, government must insure the maximum benefits of free enterprise's operations; but it must interfere as little as possible.

Steps should be taken to stimulate competition; everybody should be covered by Social Security; we should plan for an excess of exports over imports for many years; public spending should be regarded as a necessary device for filling gaps created by inadequacies of private spending; a "much more progressive and nationally integrated tax system" should be adopted, putting the burden on the middle and higher income groups so that the lower brackets' demand for goods and services can expand. Mr. Nathan says that "the more people spend, the more production and more employment and more income there will be available," while the more they save over what's needed to meet "sound and maintainable investment demands, the more likely we are to experience instability and depressions." Policies to "encourage more spending and less saving" are advocated.



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TRUST COMPANY
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Member Federal Reserve System and
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In This Corner — KID DeFLATION!

(CONTINUED FROM PAGE 25)
ducers, but more often as a threat to them to keep their prices in line. The proposals to lease government-owned plants to new groups, thereby generating new competition, present a serious problem for any supplier whose price policies do not conform to those of the administration in power.

Over the centuries, the trend of the general price level has been upward. A study of the long-time curve clearly demonstrates this. But the same study

will disclose that there have been drastic readjustments after the greater wars and after the major inflationary periods. This discussion is not intended to set forth an opinion as to whether either rising or falling prices are desirable. Those who hold that we are headed for further inflation, and perhaps for an intensification of many of its causal factors, will do well to consider carefully possible developments. To put it another way, there is at least the chance that the inflationists have been barking

up the wrong tree. By the same token, those who anticipate a critical post-war depression should check their bearings and mark well the inflationary influences. There should be searching inquiry as to when and why the upward pressure on prices will spend itself.

Such analysis could reveal the necessity for balancing the price structure; for bringing all of the factors into line; for making the concessions voluntarily which might otherwise be forced by economic circumstances; and finally, for finding that zone of compromise which will make full employment possible.

Here, again, there are many issues which have not been squarely faced. Does grandma expect to continue the operation of the riveting hammer and the welding torch? Do mother and daughter expect to go back to the home, or has the taste of personal and independent income changed the whole facade of our economic structure? What about overtime, which in some instances constitutes 20 per cent of the weekly pay envelope? "Full employment" is a tricky term.

Prices are subject to some degree of regulation. The laws of supply and demand have been affected by existing controls, but they have not been abrogated. Any impartial observer will admit that these great forces continue to operate even in Soviet Russia, where the instruments of production are owned by the state. Prices, as we have learned in the hard school of experience, are directly and intimately related to supply, demand, and cost. No social program, no matter how lofty its conception or generous its impulses, can hope to void the relationship between these factors, for they are inherent in the nature of human behavior. The least we can do is seek the perspective which will make our post-war planning intelligent.

Under Secretary of State Stettinius and the aides accompanying him on his mission to London. *Left to right*, Dr. Isaia Bowman, H. F. Matthews, Mr. Stettinius, R. J. Lynch, W. S. Murray, J. L. Pratt

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Aptitude Testing

(CONTINUED FROM PAGE 28)

One number in the following series is an error. What should it be?

2 6 3 7 4 8 5 9 6 11

Assuming that the first two of these statements are true, is the third true, false, or doubtful?

"All members of this A. I. B. chapter are bankers. Jones is a Baptist. Jones is not a member."

The opposite of surly is (check one)

Hesitant. Prosperous. Inconsiderate. Cheerful. Moderate.

Another clerical test given at Onondaga Savings to prospective clerical employees consists of 120 questions on simple arithmetic—subtraction, addition, multiplication. The purpose is to discover how quickly the testee can discover errors. Speed and accuracy are important.

These two tests were selected because they had proved their value in related fields, and were comparatively simple to apply and evaluate. Dr. Hepner's aim was to keep the program within the zone which could be of greatest aid to the bank. It was obvious that any bank clerk must have a certain minimum of intelligence and that he must be able to deal with figures.

After three years of use, it is the opinion of the management that the tests have amply repaid the effort. Perrin L. Babcock, president of the Onondaga County Savings Bank, recently summarized the situation in these words: "Fewer failures in selection, a better picture of how the applicant should be assigned and trained, lower personnel turnover, improved spirit, and less waste of executive time in training unqualified people."

IN Cleveland, the Society for Savings started aptitude testing at about the same time. The bank found that applicants were usually glad of an opportunity to take the tests. A substantial number of employees already working for the bank requested and were permitted to participate.

These tests cover the three major fields: ability, personality, and interests. Some of the benefits which the bank derived from aptitude testing, according to R. R. Johnson, comptroller, are:

(1) They tend to raise the quality of the personnel.

(2) Employees may not be aware of some special ability they possess until it is discovered in the test results. Moreover, management is apprised of these qualities. Transfers and promotions can be made with greater assurance.

(3) They provide the employer with information which is invaluable in weighing an applicant's qualifications for a certain job. It is wasteful to spend valuable time and expense training a new employee for a period of six months or longer, only to discover then that he is not adapted to the work.

(4) In assisting new employees to find their right niche, they increase production and raise morale. An employee satisfied with his work is like a satisfied customer—he is a booster.

Some banks find that an employee's family, educational and social background is likely to be the most valuable aid in forecasting effectiveness.

Among the larger banks which have used aptitude testing with valuable results are the Central Hanover Bank and Trust Company of New York, First National Bank of Boston, and The Pennsylvania Company, of Philadelphia. Edward N. Hay, personnel officer of the latter institution, whose program is extensive and who is widely known as an authority in the field, sounds a note of warning against hasty or superficial action: "The most important part of our test program is the technical foundation on which it rests. Tests cannot be successfully used without professional guidance, and a great deal of grief results from amateur attempts."



Our Warehouse Receipts issued on inventories have collateralized millions of dollars in bank loans—without so much as one dollar of loss to the lending agent, our bonding company or ourselves.

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Can you identify this grasshopper?



To a Bostonian, this grasshopper weather vane signifies "the Cradle of Liberty," as it stands atop Faneuil Hall—meeting place of Revolutionary patriots. Another insignia well-known in Boston, and throughout the nation, is the Shawmut Indian: emblem of reliability and exceptional willingness to undertake difficult or unusual problems. Your inquiry is invited.

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ACME

CONVENTIONS

Because of the war and special conditions prevailing at this time the dates of meetings are subject to change.

American Bankers Association

Apr. 16-19	Spring Meeting of the Executive Council. Stevens Hotel, Chicago
June 6-8	American Institute of Banking Wartime Conference. Statler Hotel, St. Louis, Missouri
June 18-July 1	Graduate School of Banking, Rutgers University, New Brunswick, New Jersey
Sept. 24-27	Second War Service Meeting, Stevens Hotel, Chicago

State Associations

Apr. 11-12	Florida, George Washington Hotel, Jacksonville
Apr. 27	Louisiana, Bentley Hotel, Alexandria
Apr. 28-29	New Mexico, Hilton Hotel, Albuquerque
May 4-5	North Carolina, Sir Walter Raleigh Hotel, Raleigh
May 4-5	Oklahoma, Mayo Hotel, Tulsa
May 9-10	Tennessee, Nashville
May 10	South Carolina, Hotel Columbia, Columbia
May 11-13	New Jersey, Pennsylvania Hotel, New York City
May 15-17	Mississippi, Buena Vista Hotel, Biloxi
May 15-17	Missouri, Muehlebach Hotel, Kansas City
May 16-18	Texas, Dallas
May 17	Kansas Bankers Clinic, Topeka
May 17-18	Ohio, Deshler-Wallack Hotel, Columbus
May 18	Kansas, Topeka
May 18-19	Alabama, Jefferson Davis Hotel, Montgomery
May 18-20	Colorado, Shirley-Savoy Hotel, Denver
May 19	New Hampshire, Manchester (Tentative)
May 22-24	Arkansas, Arlington Hotel, Hot Spring
May 24-25	California, The Huntington Hotel, Pasadena
May 24-25	Indiana, Claypool Hotel, Indianapolis
May 24-25	Pennsylvania, Hotel William Penn, Pittsburgh
May 24-26	Illinois, Palmer House, Chicago
May 25-26	Maryland, Lord Baltimore Hotel, Baltimore (Tentative)

May 28-30	Oregon, Benson Hotel, Portland
June 2	Washington, Hotel Davenport, Spokane
June 2-3	West Virginia, Daniel Boone Hotel, Charleston
June 8-9	Virginia, Hotel Roanoke, Roanoke
June 8-9	Wisconsin, Pfister Hotel, Milwaukee
June 9-10	South Dakota, Aberdeen (Tentative)
June 12	North Dakota, Gardner Hotel, Fargo
June 13-14	Minnesota, St. Paul Hotel, St. Paul
June 15-16	Michigan, Hotel Statler, Detroit
June 16-17	Wyoming, Gladstone Hotel, Casper
June 17	Vermont, Hotel Vermont, Burlington
June 23-25	Maine, Poland Spring
June 24	Utah, Hotel Utah, Salt Lake City
Sept. 3-4	Iowa, Des Moines

Other Organizations

Apr. 13-14	Association of Reserve City Bankers, Edgewater Beach Hotel, Chicago
Apr. 13-14	Mortgage Clinic, Mortgage Bankers Association of America, Hotel Biltmore, New York City
Apr. 26-27	Maine Bankers' Study Conference, Elmwood Hotel, Waterville
May 11-12	National Association of Mutual Savings Banks, The Waldorf-Astoria, New York City
May 19	Savings Banks Association of New Hampshire, joint meeting with New Hampshire Bankers Association, Manchester (Tentative)
May 24	New Jersey Savings Banks Association, Robert Treat Hotel, Newark
Sept. 6-9	Savings Banks Association of Maine, The Samoset, Rockland
Sept. 19-20	National Association of Bank Auditors and Comptrollers, Hotel Cleveland, Ohio
Sept. 28-29	Savings Banks Association of the State of New York, Hotel Statler, Buffalo

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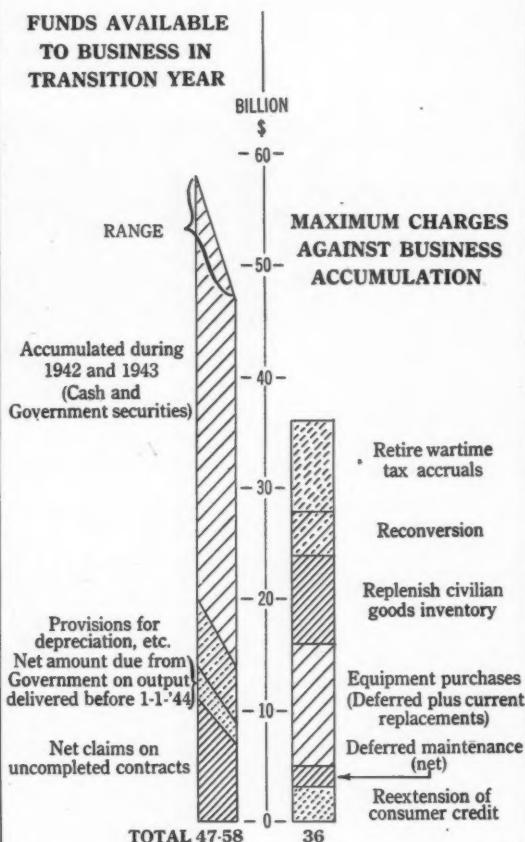
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WHAT Funds Has Business Accumulated? Who Owns the Demand Deposits? How Are Corporate Funds Used?

(A PAGE OF TIMELY CHARTS PREPARED BY BANKING.)

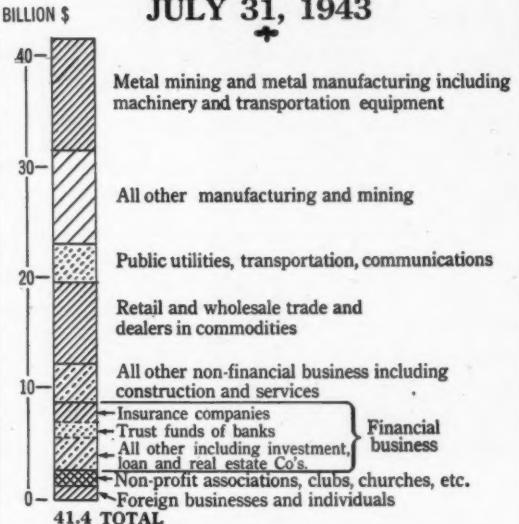
BUSINESS FUNDS AND CHARGES IN TRANSITION YEAR



Do the assets of your customers reflect this situation?

SOURCE: U.S. DEPARTMENT OF COMMERCE

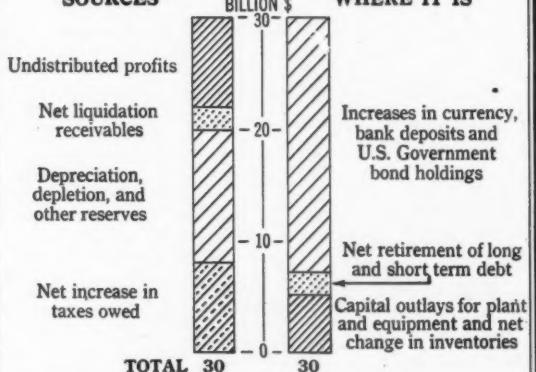
BUSINESS OWNERSHIP OF DEMAND DEPOSITS JULY 31, 1943



SOURCE: BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

SOURCES AND USES OF CORPORATE FUNDS DEC. 31, 1941 - DEC. 31, 1943

Corporations have more money - but....



Corporations have held increasing amounts of cash during the past two years since it has not been possible to replace inventories or worn out plant or equipment.

SOURCE: U.S. DEPARTMENT OF COMMERCE

EDITORIAL

THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

THE OUTLOOK. The problems of contract cancellation and reconverting industry to peacetime activity, important as these things are, will be only a preface to the job of reconverting our general thinking and business habits.

The return to some semblance of free enterprise will involve considerably more, for instance, than speedy settlements of terminated contracts, or common sense in the disposal of surplus plants and goods, or fairness in allocating civilian quotas or reasonableness in the removal of wartime controls.

We have traveled so far from real free enterprise that the meaning of the words is no longer very clear. Today they are often used loosely to refer to an objective which a few years ago would have been recognized as a twin brother of state socialism. This whole area of understanding has become so blurred that we find socialistically minded persons talking free enterprise and business people playing around with ideas that are essentially socialistic.

The Conference Habit

The need for mental reconversion manifests itself in a number of ways.

One is the prevalence of the conference habit. It has made great inroads during the war because business is tied so closely to the apron strings of various government agencies that it always takes a crowd to make a decision, if, as and when.

Big and little conferences seem to be an integral part of the scenery of planned economy and if carried to their logical end can become the burial ground for a great deal of free enterprise. They foster as nothing else can the custom of leaning on some government agency or committee or just leaning.

For example, a question arises which ordinarily would be settled quickly by the proper official of a company. But now it is found that the matter at some point must be discussed with a government representative in Washington or someplace else. After a lot of telephoning and the accumulation of a file on the subject a conference is arranged. Just to be on the safe side several officers of the company and a counsel or two are asked to sit in. The government agency likewise has several persons in attendance and just to make the meeting worth while, various other items are added to the agenda.

In the course of the discussions there emerge several other angles and problems which no one even imagined before and finally the meeting divides into a number of cells or subcommittees, each with its own problems. Arrangements are made to meet again.

Instead of settling matters a wartime conference often breeds more problems than it solves until the original purpose of the meeting has been lost sight of.

Conferences either fan out and develop a life of their own or fade out and are forgotten. They usually provide an illusion of action which makes them seem worthwhile because of the earnest character of the discussions and real importance of the subjects discussed.

Habitual Uncertainty

A second thing that will take some mental reconverting has to do with the chronic uncertainty of doing business under the "czar" system wherein each industry is supervised as a unit — oil, rubber, steel, aluminum and so forth — under the guidance of a head man and his assistants.

In dealing with government agencies and officials of various kinds one of the most difficult features is the rapid turnover in officials occupying posts of authority. After operating so long in an atmosphere of czar-to-czar change it will be necessary to reaccustom oneself to a normal existence.

Sealed Economies

A third element in the longer reconversion outlook has an international character but touches every part of the business picture. The trend toward sealed national economies which was making such lively progress before the war is continuing and spreading.

Those who have studied the situation in England, for instance, at first hand or have followed it in British publications have observed the partial eclipse of those ideas of traditional free trade and free competition so long associated with England. There is a trend toward the practice of putting all the reins in the lap of the Government, particularly on matters of foreign trade.

Almost all the other countries of the world had already moved far in the same direction before the war started, so it is not simply a sentimental or ideological swing on England's part toward the left but a matter of practical necessity. It is dictated by the feeling that the internal and external problems which Britain will face after the war are too big for any single industry or group of industries.

Consequently the opinion is fairly well founded that reconversion in Britain will not mean exactly a return to the system of free competition in foreign trade as it existed a few years ago.

Also if England plays her cards this way and some form of strict national management is maintained for handling Britain's foreign trade and payments, we must have to follow suit.

The alternative is an international policing plan of some kind which, if successful, would involve such far reaching government controls that we would have to change our conceptions of free enterprise considerably as far as they apply to foreign trade.

What happens when your hat comes down?



SOMEDAY, a group of grim-faced men will walk stiffly into a room, sit down at a table, sign a piece of paper—and the War will be over.

That'll be quite a day. It doesn't take much imagination to picture the way the hats will be tossed into the air all over America on *that* day.

But what about the day after?

What happens when the tumult and the shouting have died, and all of us turn back to the job of actually making this country the wonderful place we've dreamed it would be?

What happens to you "after the War?"

No man knows just what's going to happen then. But we know one thing that must *not* happen:

We must *not* have a postwar America fumbling to restore an out-of-gear economy, staggering under a burden of idle factories and idle men, wracked with internal dissension and stricken with poverty and want.

We must *not* have breadlines and vacant farms and jobless, tired men in Army overcoats tramping city streets.

That is why we must buy War Bonds—now.

For every time you buy a Bond, you not only help finance the War. You help to build up a vast reserve of postwar buying power. Buying power that can mean millions of postwar jobs making billions of dollars' worth of postwar goods and a healthy, prosperous, strong America in which there'll be a richer, happier living for every one of us.

To protect your Country, your family, and your job *after the War—buy War Bonds now!*

Lets all KEEP BACKING THE ATTACK!

*The Treasury Department acknowledges with appreciation
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